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NATIONAL INDUSTRIAL CONFERENCE BOARD, INC.

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• In the Record •

ompensation as a Centralized Staff Activity

Much has been written in recent years about the advan-ages of decentralization, particularly in the large multiplant ompany. However meritorious the results of this general rend have been, many firms have found that a centralized ompensation staff makes for better over-all control within he company as well as for more efficiency.

To get some idea of the scope of the centralized compen-ation staff's activity, The Conference Board has taken a ook at the duties of the men operating in the compensation rea at the headquarters locations of twenty-seven leading ompanies, all of which have a number of subsidiaries, divi-ions, plants or sales branches scattered throughout the ountry and abroad. Not surprisingly, the Board found that he responsibilities of a centralized compensation staff vary ll the way from purely advisory to the actual administration f approved pay programs. And, in some companies, a com-ination of these two approaches is found, with direct ad-ninistration by the headquarters' group at some locations nd only advisory duties at others.

Starting on the next page, the role of the centralized com-ensation staff in the twenty-seven surveyed companies is arefully examined.

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ublished Personnel Policies

A company's personnel policies represent the philosophy f executive management—its ideals, ambitions and princi-les. But if these policies are not clearly understood by all he employees or if their meaning is hazy, then they may be nconsistently applied. As a result, actual day-to-day prac-ices and procedures may deviate sharply from the firm's olicies.

In the article starting on page 314, Charles R. Hook, hairman of the Armco Steel Corporation, states that if company's policies are to be implemented all the way down he line they must be put in written form and then pub-ished. He believes that only in this way can policies be eadily transmitted to all employees and serve as guide-osts for those who make the actual day-to-day decisions.

How a company should go about writing out its personnel olicies, as well as the effects published policies have had n the Armco organization, are covered in the article, "Im-roved Motivation through Published Personnel Policies."

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ewarding the Outstanding Worker

Promotion to a better job or a salary increase are the sual ways one thinks of a company rewarding its outstand-ng employees. Yet on the rank and file level there may be nany instances where an individual does his job "beyond he call of duty," but does not have the opportunity or the capacity to go on to supervisory work. In this case, should a company ignore outstanding performance once the employee has reached the top of his pay grade?

No, says the Allen Manufacturing Company, it is important to recognize and reward individual ability and performance wherever it is found in the organization. And in keeping with this philosophy, the company has devised a Special Merit Increase, which it awards to outstanding workers. How an Allen employee qualifies for SMI, and the effect this above-maximum rate has had on other employees are discussed in the article starting on page 317.

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Company Disability Pensions and Federal Disability Benefits

In recent years companies and unions have shown increasing interest in providing special pension benefits to totally and permanently disabled employees. Perhaps as a reflection of this growing concern, the Social Security Act was amended last year to provide benefits to disabled workers between the ages of fifty and sixty-five.

What effect has this federal law had up to now? Is union pressure for private disability plans increasing? Are companies planning to use the federal benefits as a floor for their own plans? And how has the revised law affected those companies that already have disability plans in operation? Are they changing their eligibility requirements for benefits to conform with the federal requirements? And to what extent are they offsetting federal benefits from their own payments? The answers to these questions, based on a Conference Board survey, are discussed in the article, "Company Disability Pensions and Federal Disability Benefits," starting on page 320.

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Health Program Reduces Company's Absenteeism

An employee may be absent from work for three days with a bad cold, or he may wind up in bed for weeks with pneumonia. Very often the difference is prompt medical attention. Because of this, many companies have assumed that it pays them to provide this prompt attention in the form of an on-the-premises medical service. But few of them have the figures to prove that such a program actually cuts down absenteeism.

Now, Batten, Barton, Durstine & Osborn, a New York advertising firm, has come up with a survey that proves these services are effective. A recent analysis of their absentee records shows that time lost from work is decreasing among employees who make use of the company's on-the-premises medical service, while absences are increasing among those who do not.

The article, starting on page 323, includes tables that give the figures on the decrease in absenteeism.

Compensation as a Central Staff Activity

For greater efficiency and control, an increasing number of companies utilize a centralized compensation staff in the headquarters' section of the firm

A COMPANY'S compensation program can no longer be born in isolation. Nor, once in existence, can it be allowed to grow unchaperoned, like a delinquent Topsy. The company that feels its wages and salaries can be left to chance and shifting economic winds is almost as rare today—and about as competitive—as a Stanley Steamer at the Indianapolis Speedway.

Current pay levels of a company are a matter of policy. This policy is influenced by several factors: state and federal minimum wage laws, the company's "ability to pay," pay patterns in the area or industry and the effect of collective bargaining upon these, and changes in the cost of living.

The problems created by all of these factors are considered in administering an effective compensation program. And they are problems which are best solved by logical and consistent methods—not luck. This is why companies are interested in formal wage and salary administration programs.

WAGE ADMINISTRATION AS CONTROL

A company may see effective wage and salary administration as a means of control. One steel producing company describes its attitude: "Our interest in wage and salary administration is its use as a management control over budgeting payroll, checking our labor costs and keeping fringe costs in line." This matter of control covers a variety of problem areas: control of pay differentials, control of individual rates, control of incentive earnings, control of fringe costs, and control of labor costs.

Each of the problems may suggest one or several techniques for control—budgeting for control of total payroll; wage surveys for control of pay levels; job evaluation for control of wage and salary differentials, and so on. The size and type of organization influence the kinds of controls used and the number of people required to oversee their administration.

A small single-plant company may impose control with relatively informal wage and salary methods. Its personnel manager, plant manager, or any other executive may function as wage and salary administrator. Large or multi-unit companies, on the other hand, may require a number of people at various levels of authority.

The activity may be divided among several departments. Companies with wage incentive plans f production workers often depend on the industri engineering department to keep up with job change methods, rates of pay and labor costs. For many yea when the payroll was regarded as highly confidenti most companies kept payroll administration within t accounting department under the jurisdiction of t controller or treasurer. As far as the office and cle ical payroll is concerned, this practice still co tinues in many companies. Salesmen's compensation most often the responsibility of the company's sal executive. And high-level executive compensation usually handled by the board of directors, the co pany president or a special salary committee creat for this purpose.

CENTRALIZATION OF COMPENSATION CONTR

A number of factors—company size, type of c ganization, forms of compensation used, histori practices—may be cited as justification for this divid responsibility. But for purposes of greater efficien and better control and, because of the impact of wa and salary costs upon the general management contr process, increasing numbers of companies are setti up a central staff position or group at company hea quarters and centralizing the compensation activi in personnel administration. This centralization cu the cost of administration as well as allowing f greater consistency in solving compensation pro lems, and it helps to achieve closer adherence company policy. Since wage incentives, job rati merit rating, personnel budgeting, promotion a transfer, recruitment, and surveys are virtually i separable from wage and salary control methods, the is a sound logical basis for assigning the activity personnel administration.

The interrelationship of compensation practices a the desire for consistency in methods of control furth indicate the value of integrated administration a why so many companies are seeking to coordinate many of the compensation functions as is practical into one administrative section.

Recently, an electrical equipment corporation organized its personnel department to include eve phase of compensation for all employees, includi salesmen and executives. A large airlines firm did t same thing and set up the job of "director of compe

sation and benefits," the basic function of which is described as:

"To design and recommend a system of compensation and employee benefits that will be consistent with the earning capacity and character of the business, adequate to attract and retain a capable work force and provide suitable incentives for unusual accomplishment and for stability of employment."

The description outlines in detail the activities of "developing and recommending policy, establishing procedures and practices, planning and directing studies of direct compensation and fringe benefits, designing statistical reporting methods for senior officers, training regional personnel staffs in administration and policies, and directing research of significant developments in practices of other organizations."

The wage and salary administration manager of a large pharmaceutical company also is responsible for compensation programs covering all employee levels. His position is described as follows:

"The wage and salary administration manager develops and recommends compensation policies and plans for and determines the classification of all company wage jobs and salary positions to maintain equitable relationships between the compensation paid each type of job and position within the company and that paid by other employers to jobs and positions of similar responsibility; has functional responsibility for the administration of approved compensation plans; develops and recommends employee benefits policies and programs; supervises the preparation and distribution of the company organization manual; and publishes and maintains the company and personnel policy manuals."

The description continues for three pages, outlining twenty-three specific responsibilities. The wage and salary administration manager reports to the personnel director and supervises the personnel records supervisor, employee benefits administrator and three wage and salary analysts—one for executive and field sales, one for plants and research, and one for the home office.

These descriptions leave little doubt about the magnitude of the wage and salary administration function within these companies. But the activity can be a big or little thing, depending upon the company's interest in controlling the numerous elements of wage and salary administration.

TWENTY-SEVEN COMPANIES SURVEYED

To get an impression of the extent and scope of compensation activities as a centralized staff activity, The Conference Board has taken a look at the duties of men operating in the compensation area at the headquarters locations of twenty-seven leading companies.

These companies employ a total of over 4 million workers including the expatriate employees of several that have foreign divisions and subsidiaries. The individual company employee figures range from a high of 786,719 in one company to a still sizable low of 6,300 in another. The companies represent a cross section of at least fifteen different industrial classifications.

All of the twenty-seven companies are multi-unit, having a number of subsidiaries, divisions, plants or sales branches scattered throughout the country and abroad.

All but two of them—an insurance company and a manufacturer of precision instruments—are to some degree unionized. Coverage ranges from "less than 5% of the employees and units," reported by one company, to another that states, "all but roughly 5.5% of our nonsupervisory employees are unionized." Ten companies report some degree of unionization among clerical and salaried employees. But usually only a small percentage of the total salaried payroll is organized. In one case, for instance, 1,600 out of a total of 53,000 salaried workers are represented by a union. For most salaried personnel, companies set and administer salaries on a nonnegotiated basis.

Payroll, ratio of wages and salaries to sales, amount of authority and responsibility delegated to personnel administration, and areas of control determine the manpower and organization requirements for administering wages and salaries. As has been indicated, a relatively small company may require only the part-time services of a personnel technician.

In companies of the size of the twenty-seven represented here, however, management has recognized the value of specialized training and experience in the compensation field and, accordingly, a department of wage and/or salary administration has been created at company headquarters.

WHO DOES THE JOB?

Among the twenty-seven companies, "manager" seems to be the most popular term used to identify the individual heading up the compensation group. Eleven of the administrators represented hold this title. But, reflecting to some extent the diversity of duties in administering compensation programs among the different companies, the remainder are identified variously as directors, specialists, consultants, supervisors, general supervisors and, of course, administrators.

Most of the administrators indicate that they share relatively similar locations within their respective organizations, reporting to executives of personnel administration or industrial, human or employee relations according to the company's choice of departmental nomenclature.

In a typical situation among the companies represented, the wage and salary administrator would be reporting to either a vice-president or director of personnel administration or a vice-president or direc-

tor of industrial relations. Exceptions among the administrators represented are (1) the manager, salary committee staff, of an insurance company who reports directly to the secretary of the company and (2) a general manager, salary administration department, who reports to an executive vice-president.

In multi-unit companies of this type, the headquarters departments are staff units whose primary responsibility is suggesting policies, advising and aiding in the design of compensation programs, and coordinating pay programs throughout the company. As staff employees, these administrators may have the responsibility of installing and overseeing the operation of compensation programs and control techniques. It is, however, up to supervisors and executives in the line organization to be responsible for final decision making and the details of actual administration. In some instances, the central staff group has direct control over administering its programs in headquarters locations but only indirect or advisory contact with outlying units or subsidiaries.

This distinction is pointed up by the director of personnel administration of a large glass company as he describes the functions of his company's wage and salary administration section.

> "The wage and salary administration section reports to the director of personnel administration who reports to the director of industrial relations who reports to the company president. The director of wage and salary administration has two staff assistants. This section is concerned with wage and salary administration problems at all company locations at all levels.
>
> "The duties of the group pertain to the organization, analysis and continuing administration of all wage and salary matters including incentive plans (other than management incentive) at all company locations. As part of the industrial relations department, it is a company staff function. The wage and salary administration group does not directly administer wages and salaries, in the sense of maintaining records, approving salary adjustments, and otherwise carrying out detailed administrative tasks.
>
> "Rather they analyze all phases of wage and salary administration, including fringe benefits at all locations and, on the basis of such analyses, recommend sound approaches to improved administration of wages and salaries to maintain competitive relationships and to eliminate inequities. As required, this group provides specialized services to operating divisions in the installation of job evaluation plans, merit rating systems, and other wage and salary techniques.
>
> "Once adopted or installed, such an administration program is operated directly by line organizations. At all manufacturing locations there are industrial relations personnel who administer wage and salary matters for that location under the guidance and coordination of the general office's wage and salary administration section. This section maintains a continuing review function to maintain such programs in good operating order and to improve them as new developments and current changes indicate."

HEADQUARTERS COMPENSATION FUNCTIONS

The degree of service provided by the staff leve however, and the number of programs on which suc advice is extended varies considerably from compan to company. In some instances, the administration i highly decentralized, and the influence of the centra office upon wages and salaries paid in the outlyin units is purely advisory in nature, with the practice of actual administration accomplished at the loca level.

A communications company surveyed, for instanc reports that the wage and salary sections "give ad vice and assistance to the subsidiary company o methods, policies, etc. in their respective fields, bu do *not* set policy. The subsidiary companies are au tonomous units, and they take our advice and assis ance—or leave it—as they see fit. This is in line wit our basic belief that we are far too big to 'run' unde one head, so delegation is practiced to a very hig degree."

Another broad approach to decentralized admini tration is cited by an electrical equipment compan with 143 plants. The employee compensation servic at headquarters is responsible for "compensation re search" covering pay policies and plans for hourly an salaried workers, as well as employee benefit polici and plans and appropriate statistical data. And th service provides field consulting to all components the company. But the consultant for the service re ports that "in our philosophy, this group determin only the broad objectives of policies and plans an within this framework, each component determines th implementing procedures needed. The emphasis is o research and development, teaching and appraising th results throughout the company."

An automobile equipment company follows a decen tralized form of operation based on the "staff an line" formula described in its plan of organization:

> "The plan involves centralized control of over-all polic and decentralization of operations into operating divisior Control of over-all policy involves the establishment areas within which the various divisions operate and th setting of broad policies of conduct. . . . Decentralizati of operations involves splitting the business up into th smallest practical units and the assignment of each un to a division headed by a manager.
>
> "Staff or central staff refers to the group of speciali who are experts in the various operations and activiti of the company and whose principal duties are to:
>
> 1. Act as advisors to the chief officers.
> 2. Appraise and report on the quality of activities the various divisions.
> 3. Act as consultants and advisors to the line.
> 4. Provide specialized services and facilities.
> 5. Make recommendations on broad policy.
>
> "Frequently it will become necessary for the staff mer ber to furnish the line with advice and assistance in co nection with carrying out the orders and instructions. Ho

ever, the staff exercises no direct control or supervision over line operations."

In this company the duties of the individual administering salaries at the central staff level have been expanded to include responsibilities covering company organization in general. Two other compensation people also have consultative functions regarding organization planning. In one case the job is titled director of salary and organization, and the position is described as follows:

General Purpose of Position—The director of salary and organization shall act in a staff capacity as consultant and advisor to the various plants and divisions and outside the company on matters pertaining to salary and organization.

Duties—The director of salary and organization shall be responsible for and have authority to:

1. Advise the management organization on all matters of salary and salary administration.
2. Appraise and report semiannually on salary administration in the various divisions.
3. Assist the president and general manager on general organization work and organization planning.
4. Act as central advisor on preparation and issuance of organization charts.
5. Direct the activities of the central staff salary and organization office.
6. Conduct or supervise the collection of all information and data necessary to the establishment of sound salary ranges and practices in different areas of operation.

Relationships—The director of salary and organization shall conduct the following relationships.

1. *President and general manager*—Perform special organizational duties upon assignment.
2. *Members of management*—He will consult with and act as advisor on problems of salary or organization.
3. *Line salary and organization personnel*—He will advise and consult with plant and division representatives responsible for salary and organization policies and practices in their respective divisions. He will furnish them with information important to the performance of their duties.

In this company each of five divisions has a part-time salary administrator whose principal function is either personnel or accounting. A group of four divisions in a common geographic location shares a full-time salary administrator. In addition the central staff director acts as a part-time advisor to all of the divisions. Most of the division salary administrators report to a personnel or human relations executive and are responsible for determining and maintaining all salary classifications, the rate ranges applicable thereto, approval of individual rates, and periodic review of salaried personnel.

AS CONSULTATIVE FUNCTION

In ten of the twenty-seven companies, the duties of the central wage and/or salary administration group are purely consultative. They "advise" or "make recommendations" on one or several of the following areas of compensation: proper administration of salaries, wages and "negotiation items," fringe benefits, action on executive increases, general adjustments, changes in rate and salary structures, management salary ranges, and—in one instance—organization structure.

At times, the purely advisory functions of the central compensation staffs of these ten companies are intensified to a certain extent by control measures. While decisions may originate at the local or line level, the central administrative group is responsible for "approving" or "authorizing," "reviewing" and "analyzing," or "coordinating" several of the various elements included in the company's over-all compensation program.

One administrator, for instance, "authorizes all changes in wage and salary scales." A director of wage and salary administration "approves all individual increases except those at the top."

The wage and salary administration group of an electrical equipment company is responsible for "coordination of corporate wage and salary programs, including evaluation." Another "coordinates the salary policies of all divisions."

Among items analyzed and reviewed by some of the headquarters administrators are: hourly and salaried rate range adjustments, wage costs, payroll statistics and fringe benefit statistics.

ADMINISTRATIVE DUTIES

In seventeen of the twenty-seven companies the advisory responsibilities of the central wage and/or salary group are extended to encompass more direct administrative duties. In describing the duties of their group as being responsible for "establishing" or "determining" or "installing" various features of the company's compensation program, these administrators suggest functions that are more than purely advisory in nature. Among other items, administrators within these companies indicate that they are responsible for formulating:

Salary policies	6 companies
Wage policies	5 companies
Salary plans and procedures	3 companies
Wage plans and procedures	5 companies
Job evaluation programs	7 companies
Fringe benefit policies and plans	3 companies
Incentive policies and procedures	3 companies
Cost of living allowances for expatriates	1 company
Employee benefit programs	2 companies
Management ranking program	1 company

In addition to these companies where the wage and salary administrators are responsible for establishing various compensation programs, several others indicate that the central salary group is responsible for

(Continued on page 328)

Improved Motivation through Published Personnel Policies[1]

by Charles R. Hook
Chairman, Armco Steel Corporation

MOTIVATION encompasses one of the most basic functions of executive management. That function is to plan, organize, and administer a business so that an environment will be created that will encourage cooperative effort to the utmost and release the latent powers that exist in all the employees.

Without motivation executive management can accomplish very little. We must always depend upon others to execute our plans and programs.

Business Is People

Our real business is people. People make, sell and buy our products. People provide the money to build our plants. People create the environment in which our company and our employees live. In the final analysis, our business is carried on by, with, and for people.

Under our Constitution, all American citizens are born equal. In the same sense, all companies are born equal, too. They have equality of opportunity to compete for the customers' good will. True, some companies originally may seem to have advantages. They may be better financed than others. Or they may have a better location or other advantages over their competitors. Yet, we have all seen poorly financed companies thrive and grow. And we have also seen well-financed companies lose their position in the competitive race, and sometimes pass out of existence.

In the vast majority of cases, the answer to why some companies grow and some fail is the motivation of people, or the lack of it. Ironically enough, the people in the successful companies are, on the average, no more intelligent than the people in the unsuccessful ones. But they have been inspired with the will to succeed. They have been encouraged to work with their hearts as well as with their hands.

In any company, people always make the difference. Buildings and equipment are just bricks and steel. They cannot think, and they have no economic value until trained and interested people give it to them by using them efficiently to produce a product the world needs. Therefore, when we in the executive management of industry find the solution to o human problems, we go a long way toward solvi all our physical problems. Our people will solve the for us if given the proper motivation.

Motivation starts with executive managemen After all, the choice of methods to be used in conduc ing business and the final responsibility for the effectiveness is executive management's alone. management permits expediency or external influenc to make the choices, then a company is headed f trouble.

The business of every corporation is directed large numbers of people representing executive ma agement. Practically every plan or decision they ma affects other people in one way or another. Here where sound company policies can make a great co tribution. To be of maximum benefit, however, po cies should be written and published. Then they c be readily transmitted to employees and other grou and will serve as guideposts that will give directi to all business relationships.

Of course, most companies have directives coveri standard practices and procedures. And there a labor contracts that regulate wages and other con tions of employment. But we need more than th We need ideals and principles to guide those w make the day-to-day decisions and establish the stan ard practices and procedures.

The Semantics of Policies

The kind of policies I am talking about represe the philosophy of executive management—its idea its ambitions, and its principles. I am not referring practices or procedures. In short, the policies we a discussing here are declarations of the letter and spi in which management intends that its business affa shall be conducted. Naturally, practices and pro dures are necessary to implement such policies, b they must generally conform to the intent express in the policies.

Here is a practical example of what I mean: is our *policy* to provide not only fair remuneratio but the best compensation for services rendered th it is possible to pay under changing economic, co mercial, and other competitive conditions.

[1] Summary of a talk presented before the Hawaii Employers Council, June, 1957, at a meeting under the direction of S. Avery Raube, Director, Division of Personnel Administration, National Industrial Conference Board.

It is our *procedure* in carrying out this policy to analyze all jobs in our company and to make comparisons of rates paid for similar jobs by our competitors.

It is our *practice* in carrying out this fair-wage plan to adjust rates which we find to be below those prevailing for similar jobs in the industry.

Policies Should Be Written and Approved

Many companies say, "We have policies. We just never get around to writing and publishing them." I think such companies are missing a splendid opportunity to improve motivation. If policies are not in a written form, they may be inconsistently applied, either because their meaning is hazy or because they are not understood by the people interpreting them. The unwritten policy has no permanency, no stability and no recognized identity. Too frequently it simply means "this is the way we do it today. We may do it differently tomorrow." Sometimes the word "policy" is even used as an excuse for not doing something an executive or supervisor does not want to do.

When policies are written and published, they are constant. They seldom change. To anyone who reads them, they say, "This is the basis on which the executive management of this company wishes its business to be conducted."

If policies are to be truly representative of the official position of a company and not merely the reflection of the philosophy of one man, or a small group of men, then they should be approved by the board of directors. Policies will then live on. They will become the constitution of a company. They will not change if the executive management structure changes.

In fact, published policies often play an important part in the selection of the new management. For example, one of the first considerations in the promotion of a man to an executive management position in our company, and in others with which I am familiar, is this: "Does he believe in and carry out our policies?"

Advantages of Published Policies

When we write and publish our policies we make all levels of the management family, down to the newest job foreman, aware of the principles that executive management expects them to follow in conducting the business. It has been my experience, that as a consequence, we find much more underlying uniformity in the countless decisions made each day. There is more consideration for the other fellow, more willingness to help him, more concern over what the eventual impact of the decision might be.

Published policies inform employees, stockholders, customers, and the community of the ideals and principles that the company endorses. They make plain to the employee, for example, the kind of treatment he has a right to expect. In effect, they are his Bill of Rights. For this reason, the publication of policies must also be accompanied by an open-door attitude if they are to be truly meaningful. Any employee who feels that he has not been treated in accordance with the policies must be guaranteed the right to appeal his case, if necessary, even beyond the plant management to the chief executive officer of the company.

When soundly conceived policies that establish high ethical standards are set down in writing, they give personality and character to a company. They are invaluable in creating good will, confidence, and good public relations.

Why Some Fear To Publish Policies

Most corporations are honest and ethical in their business relationships. Yet many executives are apprehensive that making public their principles would result in certain detrimental reactions.

Some are afraid of how the union might interpret published policies. Personally, I believe that since most companies pay good wages and provide good working conditions and other employee benefits, there is no reason for a company to stick its head in the sand. Why shouldn't it say that it is company policy to pay good wages when it is already doing so?

Another objection I have heard is: "If we publish our policies, the management can't make exceptions." If that is an objection, then we must make the most of it. Executive management must support the principles it endorses, or confidence in its motives and its integrity will be impaired.

Many companies are afraid that the publication of their policies will be burdensome because considerable effort will be required to explain their meaning to the employees and the public. I know from experience that we must constantly devise ways and means of keeping our policies and their benefits before the employees and the public if we want our policies to be meaningful and valuable. But I am convinced that management cannot spend its time more profitably on any of its other responsibilities.

Where Do You Start?

On several occasions I have been asked how and from what point one starts to write company policies. I have never felt that I could properly answer that question because a company's policies should represent the management's philosophy.

But in our case, I know that the starting point was the strong conviction that most employees are honest and fair. They want to do what is right, and

they will if we give them the proper understanding and guidance. They have a real personal interest in their job, and they yearn for a feeling of participation. They want to have their advice sought by their boss and to feel important. These are normal, human reactions shared by all of us, whether one is the janitor or the chairman of the board.

The foundation of sound policies, in my opinion, is faith in men.

The writing of policies is a task that deserves all the thought and attention we can give it. And the end result should represent the combined thinking of all the principal executives. Each policy should be conservative in nature and possible of attainment. No policy should be included that management does not feel confident it can faithfully carry out. However, once convinced, we should have the courage of our convictions. Policies should be broad in language and in scope, for we are expressing principles, we are not writing detailed directives.

Above all, policies should be based on Christian principles and should pledge to treat employees, customers, stockholders and other groups as management itself would like to be treated.

Carrying Out Policies

Living up to policies is the most difficult responsibilty of all. If an earnest and conscientious effort is not constantly made, then policies become a mockery, and it would be better if they had never been written. However, this does not imply that people will lose faith if someone makes a mistake. To err is human. And when conscientious efforts have been made to carry out policies, people will excuse mistakes. But the leadership in policy application cannot be delegated to anyone. It must always be the responsibility of executive management to set the example for the company.

Value of Published Policies Now Recognized

If published policies are so effective in improving motivation, why haven't more companies recognized their value?

The Conference Board, perhaps more than any other organization, has been interested in the history and development of published policies. I am informed that my company—Armco Steel Corporation—and Standard Oil of New Jersey were the pioneers, in 1919 and 1922, respectively. If there were earlier examples, they are not known.

Through the years that followed, the number has increased slowly but surely. Today interest is mounting. In the steel industry, for example, three companies have recently published their policies, and I understand that two others are giving consideration to doing so at the present time.

Our Experience

As a case study, I would like to use my own company's experience to demonstrate the value of policie

Armco Steel Corporation was founded at the tur of the century. Our first plant was very tiny, eve by the standards of those days. Our little compan was poorly financed and barely had the funds require to get the plant going.

George M. Verity, our founder, was neither experienced in the manufacture of steel nor did he have technical education. But he possessed other abilitie that more than compensated for those he lacked. H knew what motivated people and he had faith in mer He put that knowledge and faith to good use whe he went into business.

Everyone knew that poor little Armco was doome to fail—everyone but George M. Verity. The littl company many times was next door to bankruptc But throughout all the early travail, Mr. Verity steadfastly believed that success or failure of the busine would be determined by the interest and enthusiasr of his people. Each must contribute more than hi counterpart in other companies. To get such a hig degree of cooperation, Mr. Verity knew that he mus practice policies that built confidence.

I came to Armco about eighteen months after th first heat of steel was tapped because I was attracte by his forward-looking views on human relations i industry. At that time, I was employed by a larg steel corporation. I had started as an office boy i a steel plant in Cincinnati. This plant was acquired b the large company and I was placed in its cost department in New York City. Wishing to know more abou the manufacture of steel, I asked for a transfer an was given a job on the labor gang of one of the company's plants at Gas City, Indiana. There I learne how to turn the rolls, and ultimately became assistan to the superintendent.

One day a letter came in the mail asking me t come to Middletown, Ohio, and be interviewed fo a position by Mr. Verity. Out of curiosity, I agree to come, although I had little or no intention of joining his company. I shall never forget that interview Mr. Verity took me out into the open hearth department and we sat on the melter's bench. There h explained to me his philosophy of management. knew immediately that Armco was the place I wishe to spend my business life.

My family and my friends were horrified when the learned that I decided to leave the large, well-established company and cast my lot with Armco. The said it was a fly-by-night outfit. It was sure to g broke. And they were almost right.

But the little company survived, and grew from a organization of 325 people in one plant to 35,00

(Continued on page 336)

Rewarding the Outstanding Worker

Even at the rank and file level, when no promotion is possible, one company has found it advantageous to grant Special Merit Increases to outstanding workers

EMPLOYEES who are paid above the maximum of their job grades are found in many companies. Their situation is paradoxical in that they are re-eiving more than it theoretically is possible for any-ne doing their jobs to earn. Because other workers re apt to feel envious of the employee who has ierced the established ceiling for the job, problems ften arise in the administration of a company's sal-ry program involving these special cases. This article escribes how one company has attempted to deal vith some of these problems.

The Allen Manufacturing Company of Hartford, stablished in 1910, makes socket screws. It has long aken an active interest in the human side of its busi-ess. Prominently displayed for all to see in its hand-ook for employees is a section called "What We Believe." Here the company sets down its policies in vriting. One statement declares that Allen believes in 'paying as high wages as possible on the basis of indi-vidual achievement and group cooperation." For ears, the company has deliberately been paying more han the average rate in the Hartford area. A high per-entage of its workers are long-service, skilled crafts-nen.

REGULAR APPRAISALS

Allen feels it is important to recognize and reward ndividual ability and performance wherever it is ound in the organization. And the work of all em-loyees is appraised regularly. Separate rating forms re used for office, factory, and management personnel. An "Advanced Employee Appraisal" sheet has been leveloped for outstanding workers.

Hourly employees are rated during their probation-ry period (first thirty days) and again before their ixtieth day on the job when they become union mem-ers. Thereafter they are rated every six months until hey reach the maximum of the grade; then they are ated every year.

New employees reach the minimum of their labor rade in six months, or even earlier. Those in the lower ob grades are eligible for merit increases every three nonths; those in the higher grades, every six months.

An hourly paid worker in the lowest labor grade who nakes normal progress reaches the top of his grade in bout six months. A worker in the highest labor grade eaches the top in approximately two years. From then n there are no further increments unless he qualifies for a Special Merit Increase.[1] It might be expected that few are awarded the Special Merit Increase (SMI), but this is not so. Allen's management is pleased with the large number on SMI because it is a reflection of both employee efficiency and stability. At the present time, approximately 35% of the company's 500 union members are receiving the bonus pay.

To qualify for consideration of the Special Merit Increase, a worker must:

- Have reached the maximum rate for his labor grade;
- Have been continuously employed at Allen's for two years or longer;
- Not have had an individual wage increase for at least one year;
- Have no capacity or opportunity at the time for promotion to a higher-paying job at Allen's;
- Have "outstanding" work, attendance, and safety records, for two years or longer.

The employee's work record is adjudged outstanding if it *exceeds* the requirements of the job in five of nine respects. The nine performance factors are: (1) control of quality or accuracy; (2) Use of machine or working time; (3) job knowledge; (4) effort; (5) cooperation; (6) attendance; (7) promptness; (8) maintenance; and (9) safety. (See the accompanying Special Merit Increase form.)

The SMI request form is filled out by the employee's supervisor. He uses a three-way rating code—*Exceeds, Meets, Falls Below*. There must be at least five top ratings (i.e. *Exceeds*), including the first three items, to win the SMI. Also this high standing must be maintained at least two years for the employee to qualify, and during this time there must be no lost-time accidents, no more than five absences, no more than six latenesses of over one minute each, and no reprimand during the last twelve months.

NOT RETAINED AUTOMATICALLY

Once he makes the grade, the SMI is not retained automatically. It may be lost if the individual's performance ratings fall off. As a matter of fact, the records show that several workers *do* lose their SMI's

[1] Excepting general, across-the-board increases, of course, which apply to all workers and which have nothing to do with individual performance.

REQUEST FOR SPECIAL MERIT INCREASE

Dept................No................Shift...............Name...

Job Title...Grade...........Present Rate...........Last Increase...............Date Hired...............

A Special Merit Increase is the company's recognition of an individual employee with an outstanding record over and above the particular requirements of his work. His Employee Appraisals must average excellent for the last two years. Previous ratings during the last two years must show 5 out of 9 performance factors exceeding job requirements, including the first 3. Use RATING CODE:

E=Exceeds M=Meets FB=Falls Below

QUALIFICATION	DATES OF EMPLOYEE APPRAISALS				DATA OR COMMENTS
1. Control of Quality or Accuracy					
2. Use of Machine or Working Time					
3. Job Knowledge					
4. Effort					
5. Cooperation					
6. Attendance					
7. Promptness					
8. Maintenance					
9. Safety					

10. General Comments:

(a.) Mention any suggestion awards, worthwhile activities, promotion or leadership qualifications, etc..................

....

....

(b.) Describe how employee performs consistently over and above the requirements of his job classification..........

....

....

(c.) State how else—in terms of attitudes and actions—employee is outstanding...

....

....

DO YOU RECOMMEND A SPECIAL MERIT INCREASE? YES ☐ NO ☐

Foreman's Signature..Date...

Superintendent's Signature...Date...

PERSONNEL DEPARTMENT ACTION

SCORE under Merit Pin Award Plan:...

REJECTED for Following Reasons:...

Date Approved...Personnel Director's Signature...

each year. In this regard, the union contract states:

"If after receiving a Special Merit Increase an employee fails in any successive rating to qualify, such increase may be removed. If removed, such increase shall be restored whenever a subsequent rating shows the employee to be properly qualified. No question arising under this section shall be the subject of the grievance or arbitration procedure except as to whether or not the company has followed the procedure provided for herein."

The SMI increment is not large but neither is it so small as to be of no interest to the workers. They want it for its monetary value as well as for what it signifies. In cash, it is worth approximately seven cents an hour.[1] And, as an extra dividend, those on SMI receive preference when positions outside the bargaining unit become open.

EVALUATING SMI

Looking back on almost sixteen years' experience with SMI awards, the Allen Manufacturing Company expresses satisfaction with the results obtained. The plan was designed to reward and encourage outstanding job performance, and the company feels it has done just this. There are many long-service workers at Allen's, and it is believed SMI has helped, at least in a small way, to bring this about.

Allen executives are quick to point out that, while SMI seems to have worked well for them, the plan might not work nearly as well in other companies for various reasons. Two possible objections to the plan are discussed by Allen's vice-president of manufacturing, who keeps in close touch with the company's activities in personnel administration. This executive was asked two questions about the Special Merit Increase plan. Here are the questions and his answers.

Question 1: The standards for SMI are high. For example, one requirement is that the individual have no more than six latenesses of over one minute for each year. If a supervisor wishes one of his workers to qualify for SMI, may he on occasion close his eyes to minor slips or shortcomings?

Answer: The minimum qualifying standards have been based on average employee performance over many years. Management feels strongly that an employee under consideration for an SMI must at least meet these standards; consequently, exceptions are actually rare, even in respect to the more minor shortcomings. Also, once you start excusing this or that, you weaken the purpose of the increase and make future administration increasingly difficult.

Question 2: On the average, three or four of your workers lose their SMI's each year. Isn't it hazardous to offer someone a wage increase that you later might take away from him?

Answer: Not from our viewpoint. Employees realize the SMI is something "extra"—hard to get and worth keeping. Its removal occurs only when the facts clearly support the action. In our opinion, this two-way feature acts as an incentive rather than a deterrent: first, for the individual employee who loses it to "get on the ball" again; second, for other employees—who appreciate its value even more when they hear (as they probably do) that so-and-so lost his SMI increase due to less than outstanding performance.

STEPHEN HABBE
Division of Personnel Administration

[1] The cost to the company of the SMI plan is about $20,000 to $25,000 per year.

Management Bookshelf

Occupational Health Nursing—This guide for the practicing occupational health nurse clearly outlines the basic functions of the industrial nurse. Examples of sound nursing practices and recommended procedures are included. Areas of the nurse's work—industrial hygiene, safety, older workers, etc.—are explained, and frequently encountered problems are considered. One chapter is devoted to the policy and procedure manual of the occupational health nurse. The author, a former nurse in industry, is now teaching occupational health nursing at Yale University. *By Mary Louise Brown in association with John Wister Meigs, M. D., Springer Publishing Company, Inc., New York, New York, 1956, 276 pp., $4.50.*

Better Wage Incentives—This book is designed as a guide to setting up and maintaining an effective incentive program. The author outlines various types of incentive grievances; then a separate chapter is devoted to each grievance cause and the suggestions for its prevention or its solution. Information on preparation for incentive arbitration, incentives for foremen, and the economics of incentives is also included. *By Phil Carroll, McGraw-Hill Book Company, Inc., New York, New York, 1957, 230 pp., $4.75.*

Social Responsibilities of Organized Labor—This volume is part of a larger study of Christian ethics and economic life sponsored by the Federal Council of the Churches of Christ in America. In this book, the author is concerned with the various functions and activities of trade unions in relation to their social responsibilities. Such topics as collective bargaining, strikes, union security, nonbargaining functions of unions, unions and their members, interunion relations, unions and management, labor and the public, and malpractices in unions are all discussed. *By John A. Fitch, Harper & Brothers, New York, New York, 1957, 237 pp., $3.50.*

Company Disability Pensions and Federal Disability Benefits

IN AUGUST, 1956, the Social Security Act was amended to provide, for the first time, benefits to totally and permanently disabled employees before the age of sixty-five. Now eligible workers between the ages of fifty and sixty-five can receive up to $108.50 per month. This federal disability benefit is computed in the same manner as the age sixty-five retirement benefit, except that no benefits are provided for dependents until the employee reaches age sixty-five. The disability amendment became effective in July of this year, and the first checks were mailed in August.

This new federal disability benefit comes at a time when more and more companies are providing their own special pension benefits to totally and permanently disabled employees. Although total disability benefits were practically universal in pre-Depression pension plans, they steadily lost favor after the Depression. However, as the union pension movement gained momentum at the beginning of this decade, disability pension provisions became frequent again. Today about two-thirds of bargained pension plans, and about one-quarter of unilateral plans, contain a disability pension provision.[1]

One possible effect of the new federal disability benefits provision is a further increase in the prevalence of private disability pensions. The availability of federal benefits could increase union pressure for similar company disability benefits. Furthermore, the disability amendment could have a direct impact on employers similar to that of the original Social Security Act. At that time, many companies used federal age-retirement benefits as a floor on which to build a company program, rather than as a substitute for a company program.

What has been the impact up to now of the federal disability benefit on the prevalence of private disability pensions? It would appear to be relatively slight, judging from the experience and tentative plans of ninety-eight companies contacted by THE CONFERENCE BOARD.[2] These companies were known to be without disability coverage in their pension plans as of January, 1955. Only four of these companies have added a disability pension since the federal disabilit amendment was passed. Another nine indicate tha they are actively considering such a step. Revision or planned revisions have been more common amon those with bargained plans than those with unilatera plans.

EFFECT ON EXISTING DISABILITY PLANS

The inauguration of a federal disability system als poses some questions for companies that already hav a disability pension plan. For example, should th eligibility requirements for company benefits be mad to conform in any way to the eligibility requirement for federal benefits? And, to what extent should th federal payments be used to offset company benefits

Sixty-six companies with established disability pen sions have provided answers to these questions.[1] Thei answers are indicated by the following: (1) practicall none of these companies have made, or plan to make any changes in company eligibility requirements i order to conform to the eligibility requirements fo federal benefits; and (2) using federal benefits to off set company benefits is a good deal more common fo disability pensions than for age-retirement pension About half of the companies offset disability benefits but only one-third of them offset age-retirement bene fits in whole or in part.

ELIGIBILITY FOR FEDERAL AND COMPANY BENEFIT

None of the companies questioned are planning t make eligibility for company benefits identical to eligi bility for federal benefits; that is, none plan to requir an employee to be eligible to receive the federal bene fit before he can receive a company disability pension But five companies now make the federal benefi a sufficient condition for receiving company benefits that is, if an employee receives federal benefits, h automatically qualifies for company disability benefits

In a few cases, companies have changed some par of their eligibility requirements to conform to a federa requirement. For example, one of the eligibility re

[1] For the historical development of the incidence and major characteristics of disability pensions see "Disability Pensions," *Management Record,* June, 1956, page 195.

[2] These ninety-eight include fifty-two manufacturers, twenty-two public utilities, seventeen financial institutions, and seven trade establishments.

[1] Almost two-thirds of the companies are manufacturers and th rest are about evenly divided between public utilities and finance Fifty-five per cent employ 1,000 to 10,000 workers; the rest ar about evenly split between those that employ less than 1,000 an those with a labor force over 10,000.

Most, forty-four, have disability benefits for everyone in th company, but twenty have a disability pension only for hourl employees, and two, only for salaried employees.

quirements for federal benefits is that an employee be at least age fifty. Eight of the sixty-nine plans[1] studied also have an age fifty requirement for company benefits, and in two cases this requirement was recently added to conform to the federal provision. However, none of the companies are actively considering an age fifty requirement for the fifty plans that now have no age requirement nor for the eleven plans that now have an age requirement other than age fifty.

Similarly, only two of the twenty-five plans that now have a six-month waiting period for company benefits have put in this requirement to conform to the federal provision. And none of the companies are actively considering a six-month waiting period for the twenty-nine plans that now have no waiting period nor for the fifteen plans that have a waiting period other than six months.

The Social Security Act defines disability as the "inability to engage in any substantial gainful activity because of medically determinable impairment which can be expected to result in death or to be long-continued and of indefinite duration." Fifty-two of the companies questioned have a definition of disability essentially the same as this, in the sense that to qualify for company benefits the employee must be unable to do *any kind of work*, either in the company or in the labor market generally. Three of these companies state that they have recently changed their definition of disability to conform to the federal definition.

However, fourteen companies define disability entirely in terms of inability to handle jobs in the *company*, more or less ignoring the possibility that the employee may be able to handle jobs outside the company. None of these companies have indicated that they plan to make their definition more restrictive as the result of the federal disability definition.

DEDUCTION OF FEDERAL DISABILITY BENEFIT

The amount of the federal disability benefit that is deducted from the company disability pension is shown below for the sixty-nine plans studied:

- 54% (37 plans) deduct *none* of the federal benefit
- 20% (14 plans) deduct *all*
- 16% (11 plans) deduct *one-half*
- 10% (7 plans) deduct a maximum of $85

The use of federal benefits to offset company benefits is more often applied to disability benefits than age-retirement pensions. Two-thirds of the companies provide regular pension benefits exclusive of Social Security, but only 54% do not deduct some part of federal benefits from company disability payments.

At the same time, almost three-fourths (50) of the companies use the same approach to federal offsets for both types of benefits: thirty-two do not deduct Social Security benefits from either company disability or age-retirement benefits, four deduct all of the federal benefit, seven deduct one-half and seven deduct up to $85 of any federal benefit. Ten companies that make no Social Security deduction from company age-retirement benefits deduct all of the federal benefits from company disability benefits, and four companies deduct one-half. On the other hand, three companies that provide disability benefits exclusive of Social Security deduct all of the Social Security benefit from company age-retirement benefits, and two deduct one-half.

Minimum Disability Pensions

Thirty-two of the plans studied have a specified minimum disability pension.[1] The amount of the federal disability benefit that is deducted from this company minimum follows almost the same pattern as for offsets to the regular disability benefit.

- 56% (18 plans) deduct *none* of the federal benefit
- 22% (7 plans) deduct *all*
- 13% (4 plans) deduct *one-half*.
- 9% (3 plans) deduct $85

Generally, the amount of the federal benefit that is used to offset the regular disability benefit also is used as the offset for the minimum disability benefit. However, seven of the eighteen plans that deduct some part of the Social Security payment from the normal disability benefit make no deduction from the minimum disability pension.

Recent Changes in Offset Provisions

From the foregoing, it is evident that most of the companies merely extended their existing age-retirement offset to cover disability benefits. Since the federal amendment was passed, very few of the companies have made any changes in the way they use federal disability benefits to offset company benefits. Only ten companies have changed their offset provisions, and another seven are actively planning to do so. All but six of these seventeen companies have bargained plans with either the United Automobile Workers or the Steelworkers and thus reflect changes being made in disability benefits in these two basic industries.

For example, five companies have changed their disability formulas to conform to the revisions nego-

[1] Actually there are eighty-two separate plans in the sixty-six companies, but information was not given for three plans and in ten companies, with two plans each, the disability pension is identical in both plans and is considered as one plan here. These ten plans are all considered as bargain plans, since at least one is bargained. Among the sixty-nine plans analyzed, forty-three are bargained and twenty-six are not.

[1] This excludes flat-sum disability pensions since in these cases the minimum and normal pension are identical. Also excluded are plans without a specified minimum other than the minimum amounts available under the regular disability pension formula.

tiated by the Ford Motor Company with the UAW. Previously, the Ford plan provided for a monthly pension of $4.50 per year of service, including Social Security benefits; at age sixty-five this disability pension was recomputed, using the normal pension formula of $2.25 per year of service, exclusive of OASI benefits.[1]

Under the new disability formula negotiated earlier this year, a disabled employee receives a straight $2.25 per month for each year of service, plus any federal benefits; if he cannot qualify for federal benefits, he remains under the old formula.

This new method of computing the disability pension results in larger benefits to employees who qualify for federal benefits. For example, under the old formula a thirty-year employee eligible for maximum OASI benefits, would receive a total of $135 per month ($4.50 x thirty years). Under the new formula he receives a total of $176 per month ($108.50 plus $2.2 x thirty years).

Similarly, three companies already have bargaine and three more plan to bargain, revisions in their dis bility benefit provisions similar to those negotiated b United States Steel with the steelworkers last Augu (to go into effect this November). Currently the no mal disability benefit is 1% of average monthly earn ings (during the ten years prior to retirement) fo each year of service up to thirty years, including $8 of the federal benefit.

Under the revised steel formula, a disabled employe receives the larger of: (1) the 1% formula abov (2) $90 per month, including $85 of the federal benef or (3) $2.50 per month for each year of service up t thirty years, *excluding* federal benefits. For servic prior to November, 1957, this last formula provid $2.40 per month for each year.

Harland Fox
Division of Personnel Administratic

[1] See "The Wage and Fringe Package in Autos," *Management Record*, July, 1955, page 287.

Briefs on Personnel Practices

Executive Development Courses—International Flavor

University courses in management development are being organized in Europe as well as in this country. Sparked by IMEDE, a foundation created by the Nestle Alimentana Company, the University of Lausanne offers an eight-month program for upper echelon executives called the Management Development Institute. The course is scheduled to start on September 17 and will run until mid-May, 1958. Instruction will be in English and is to be handled by men who either are, or have been, associated with the Harvard Graduate School of Business.

Executives from the United States, Europe, or any part of the world may attend the course. However, about half the sixty participants are expected to be executives from the world-wide Nestle organization, including representatives from The Nestle Company, Inc., White Plains, New York.

Service Charm for Milady's Bracelet

The current enthusiasm for bracelet charms is reflected in a revision of the service award plan of the Indianapolis Power & Light Company. Beginning October 1, 1957, every woman employee who completes five years of service will receive a gold chain bracelet with an attached charm bearing a service emblem, and each five-year anniversary thereafter another charm bearing the appropriate service emblem will be added.

An Ipalco man who has five years' service will r ceive a tie clasp, the front of which is a gold chai from which a service emblem is suspended. The en blem will be replaced with a new one at five-yea intervals.

Reaction to Information Rack Service

Many a company would like to know whether i information rack service is actually worth while. Th Stromberg-Carlson Division of General Dynami Corporation in Rochester, New York, decided to fin out, through a survey of its approximately 8,000 en ployees.

Therefore the company sent a questionnaire t 3,400 employees that sought their reaction to the in formation rack program. Of the more than 1,600 wh answered, only twenty expressed dissatisfaction. Mo than half reported that they picked up booklets regu larly, and 70% said they took the books home to rea Another 17% said that after they had read the boo lets, they filed them for future reference.

The information racks at Stromberg-Carlson a used to distribute booklets on topics of general inte est. Among the subjects covered are vacation spot tax tips, Social Security data and money-saving idea Six titles are placed in the racks each month, with total monthly distribution of about 16,000. All boo lets, so far, have been picked up within a few minut after being placed in the racks.

Health Program Reduces Company's Absenteeism

WHAT EFFECT does a company's health program have upon employee absenteeism? Many companies believe their preventive health plans have considerable influence upon absenteeism, but comparatively few firms have "before and after" statistical evidence to prove their contention.

One company that has such records, however, is Batten, Barton, Durstine & Osborn, Inc., a New York advertising agency. A recent analysis of the firm's absentee and medical department records discloses decreasing absenteeism among employees who utilize the company's on-the-premises medical services. In contrast, absenteeism increased during the same period for those employees who did not use the medical facilities.

Life Extension Examiners, the medical clinic that administers the advertising agency's medical program,[1] divided the company's records into three groups: frequent users of the medical service (those making five or more visits to the medical department in a six-month period); average users (those making less than five visits) and nonusers (those making no visits to the medical department).

The lost-time record of the three groups of employees was computed for the last six months of both 1955 and 1956. (See Table 1.) The absentee days saved by the two users' groups were also computed (see Table 2).

[1] Life Extension Examiners, with headquarters in New York and services throughout the country, specializes in diagnostic physical examinations. In New York, this clinic also contracts to provide medical personnel and administer the medical programs in some business firms such as Batten, Barton, Durstine & Osborn, Inc. as well as in several large metropolitan office buildings (the latter programs are jointly supported by tenants of the office buildings).

As Table 1 shows, the average days lost per individual for both the frequent and average users of the medical services were reduced in the 1956 six-month period to almost half the 1955 record. The improvement in 1956 is attributed to several causes. One is the cumulative effect of a preventive health plan. The 1956 record was compiled after the program had been in effect more than a year, whereas the 1955 figures represent only the first six months of the medical department's existence.

Another reason for the improvement in 1956, the company believes, is the daily attendance of a doctor. In the 1955 period, only a full-time nurse was present. But in the latter period studied, a doctor spent one to two hours daily on the premises. (This practice started July 1, 1956, and is continuing.)

The third reason for the changed situation in 1956 is the effect on the employees of the health education aspect of the preventive medical program. After the medical services had existed for more than a year, the ranks of nonusers were reduced 46%. These figures are shown in Table 1. Not all the increase in average users, however, is caused by a change in habit of the former nonusers. Also included in the increased number of average users are some of the employees who previously were frequent users but who, in 1956, cut down the number of their calls to the medical department.[1] This was achieved through the efforts of the doctor and nurse to reduce unnecessary visits to the dispensary on the part of a few employees. An example of this reduction in frequent users' ranks

[1] Because of an increase in total employees (shown in Table 3), Table 1 does not show an actual reduction in the number of persons who are frequent users, but a percentage reduction did take place.

Table 1: Employees' Absenteeism and Medical Visits During Last Six Months of 1955 and 1956

	Average Users (One to five visits)		Frequent Users (Five or more visits)		Nonusers (No visits)	
	1955	1956	1955	1956	1955	1956
Number of employees	520	1,079	100	101	665	357
Total days lost by group	1,070	1,329	410	235	1,355	2,049
Average days lost per individual	2.1	1.2	4.1	2.3	2.0	5.7
Total medical visits of group	1,957	3,178	985	973	——	——
Average number of medical visits per individual	3.8	2.9	9.85	9.6	——	——

Table 2: Total Absentee Days Saved in Second Six-Month Period

Number and Type of Users	Average Days Lost per Individual 1955	1956	Absentee Days Saved in Second Six Months
1,079 average users	2.1	1.2	971
101 frequent users	4.1	2.3	182
		Total	1,153

Table 3: Absenteeism of All Employees in Second Half of 1954, 1955 and 1956

	1954	1955	1956
Total personnel	1,223	1,285	1,537
Total days lost	3,159	2,835	3,613
Average days lost per employee	2.6	2.2	2.4

is the decrease from thirty-three to thirteen persons who made nine or more visits to the medical department. The company believes that the presence of a doctor in 1956 greatly aided the nurse's efforts to bring this about.

NONUSERS CAUSE ABSENTEEISM INCREASE

The 1956 high absentee rate for nonusers of the medical service explains the rise in the company-wide absentee figure for 1956, shown in Table 3. This table also includes the 1954 absentee rates on a company-wide basis. Despite the increase occasioned by the nonusers of the medical service in 1956, the company-wide rate is lower both for 1955 and 1956 than it was in 1954 before institution of the medical department.

Doris M. Thompson
Division of Personnel Administration

Labor Press Highlights

Unions Look at Job Evaluation

"JOB EVALUATION must be subordinate to collective bargaining or should not be used at all," proclaims *The AFL-CIO Collective Bargaining Report*. The magazine then discusses the role unions should play in developing and carrying out any job evaluation plan.

It points out that the rapid increase in formal job evaluation plans has brought in its wake a number of special problems for unions. One major problem, according to *The AFL-CIO Report,* is that the plans use various technical "and often inflexible" methods to determine how much a job is worth, and thus "may supplant or unduly cramp or limit collective bargaining on wage rates for individual jobs." Also the large number of types of plans, contends the AFL-CIO, makes it difficult for union officials to work with them. This difficulty is compounded by the fact that the plans generally are for a given plant, rather than for a whole industry. Collective bargaining consequently has to be on a local basis. The one major exception cited by *The Report* is the steel industry, which has a plan for the whole industry.

Union Attitude Toward Plans

Unions vary in their attitudes toward job evaluation plans. For example, at a recent Industrial Union Department, AFL-CIO, meeting on "Industrial Engineering and Collective Bargaining Policy," as reported in the *IUD Bulletin,* an International Association of Machinists' representative discussed why his union opposes job evaluation plans.

The harmful effects "of inflated job descriptions, the dangers of wage-cutting when these descriptions overlap," and too strict job definitions were some of the items mentioned. When job evaluation is used, contended the IAM speaker, "it should only be considered as a 'frame of reference' to guide the union and company in determining the relative worth of each job." The Machinists, in their handbook "What's Wrong with Job Evaluation," spell out in further detail their attitude toward job evaluation. The handbook states that there are ten ways in which a plan operates to the disadvantage of employees:

- It freezes the wage structure and prohibits equitable treatment for all.
- It fails to consider the economic forces of supply and demand.
- It creates confusion in understanding how rates are set.
- It disregards individual abilities.
- It places an arbitrary ceiling on wage rates, which is contrary to union objectives.
- It doesn't provide for length-of-service compensation.
- It facilitates division of skilled jobs, which in turn creates lower-rated job classifications.
- It weakens seniority status by creating new job classifications.
- It impedes promotion to higher-rated job classifications because of job description limitations.
- It simplifies downgrading during periods of layoff.[1]

On the other hand, the Steelworkers' wage division director took a more optimistic view of job evaluation as reported in the *IUD Bulletin*. He noted that in the

[1]See *Management Record,* June, 1955, p. 243.

AFL-CIO Views Need for Collective Bargaining on Job Evaluation Plans

The following is a listing of the steps involved in setting up a point plan of job evaluation. *The AFL-CIO Collective Bargaining Report* notes those items which should be decided through collective bargaining.

1. *Studying of jobs.* Before a plan is developed, information must be gathered on the nature of the jobs in the plant. . . . Judgment is used to determine what is recorded for each job. There is no reason for the local union to accept as gospel truth the job studies made by an engineer or management official.

2. *Analyzing results of study.* The notes made are then analyzed to determine what should be included in the next step, the writing of job descriptions.

The analyst decides what to include, usually on the basis of what he believes the company is willing to pay for. He may delete certain tasks as unimportant. Although tasks do differ in importance, all tasks which contribute to the total job must be recorded. This analysis step is not scientific either; it too should be subject to bargaining.

3. *Describing the jobs.* This is probably the most important step in the whole process since the evaluations will be based on the descriptions. The entire wage scale as well as pay for individual jobs will be influenced by the descriptions.

Much judgment is used in this step not only as to *what* appears in the description but also as to *how* it appears. Union review is necessary.

4. *Deciding on factors.* After the jobs are described it becomes necessary to choose factors which are common to some extent in all jobs. Again this relies heavily on judgment, and the variation possible can readily be seen in the multitude of job evaluation plans with different factors in plants doing similar work.

5. *Defining factors.* Once the factors are decided upon it is necessary to define exactly what each means. . . . A definition is necessary to insure, as much as possible, uniform evaluation. Union viewpoints may differ from those of management: they should be reflected in bargaining.

6. *Deciding on degrees of each factor.* Recognizing that the factors will apply in varying degrees to each job it becomes necessary to break down the factors into smaller units. It is not a question of whether a job does or does not require education but, rather, how much education. Judgment is necessary to determine the number of degrees in each factor. Often this decision is made to provide a nice neat appearing plan with an equal number of degrees for each factor, but this may be unrealistic and have little practical value. Again, this is a properly bargainable matter.

7. *Defining degrees.* Exactly what is meant by each degree must be spelled out as closely as possible so that the evaluators may judge what distinctions to consider in deciding whether, for example, a job requires the second degree of "Experience" (forty-four points under the NMTA plan), or the third degree (sixty-six points). If the words used in these definitions are too general then the evaluators may have inadequate guidance.

8. *Weighting of factors.* This is probably the most difficult and most often abused step in the setting up of a job evaluation plan, requiring the most significant exercise of judgment. The total number of points of a job evaluation plan is not important. What is important is the per cent of the total applied to each factor.

The NMTA plan is so weighted that education is 2.8 times as important as job hazards. Experience is 4.4 times more important than hazards. This means more points are given for the fact that a job requires experience of as little as three months than for the fact that it may be subject to accidents causing loss of an eye or limb.

Such a weighting may be appropriate in some plants or occupations where the chance of such an accident is highly remote, but certainly this does not hold true for hundreds of plants where the NMTA plan is in use.

It is difficult to determine proper weighting but certainly it should be related to the jobs in the particular plant. Because of the range for variation, the union has a stake in seeing that weighting takes what it considers to be realistic account of the particular situation.

9. *Weighting of degrees.* Most plans apply the points to degrees within each factor equally. This seems to indicate a lack of judgment rather than the use of judgment. The weightings of degrees should correspond to the degree definitions rather than having an equal allocation. . . .

10. *Evaluation of jobs.* Now the plan is ready to be applied. It should be noted first, however, that many companies do not actually go through all of the above nine steps to set up a plan, but rather install a "canned" plan. Such canned plans of management consulting engineers and manufacturers' associations usually have little if any relation to job requirements and working conditions in a particular plant.

Whether the plan is "tailor made" or "store bought," however, the evaluation itself, that is, the application to the jobs in the plant, or more specifically to the job descriptions, is the same. The factor and degree definitions must be compared to the job descriptions and determination made as to which degree of each factor the job falls in. The points allowed for each factor are then simply added to arrive at a point total for the job.

The fact that considerable judgment is involved in this evaluation process is evident. The individual evaluator, regardless of the care used in developing the plan, still has wide latitude. . . .

This is why evaluation results cannot be accepted automatically and must be subject to bargaining.

11. *Turning points into money.* The points must of course be translated into specific wage rates. Most people uninitiated in the ways of job evaluation would expect management to simply say a point is worth a certain amount. Unions would expect to decide this through collective bargaining. . . .

steel industry, job evaluation has "helped to eliminate the North-South pay differential, has permitted 'equal pay for equal work,' and has brought increases of over 18 cents an hour since the plan was first devised."

Whatever their views about the values of job evaluation, most unions would agree, states *The AFL-CIO Collective Bargaining Report,* that "no job evaluation plan should be considered sacred; no job evaluation finding should be considered as 'scientific fact' not subject to the challenge of collective bargaining."

Red Circle Rates and Job Content

Red circle rates and changes in job content are two problems of job evaluation singled out for special attention in *The AFL-CIO Collective Bargaining Report.*

Red circle rates—rates higher than those called for by the evaluation plan—may indicate that the original job evaluation was in error and should be altered, according to *The Report.* The error may not be in the specific job being evaluated, states *The Report,* but in the plan itself. The plan may not have taken into consideration those factors "peculiar" to the job or it may not have evaluated them "properly"; or, if there are many red circle rates, the plan may not fit the plant.

The AFL-CIO warns that since companies want to get rid of red circle jobs they may transfer men to jobs for which they are not qualified or where they may clash with seniority practices. Or, when wage increases are negotiated, management may try to give the red circle workers less of an increase than other workers. *The Report* again warns that if the unions permit this, dissatisfaction will arise among various groups within the union "with possible serious frictions leading to a decrease in future collective bargaining strength."

Concerning changed job content, the AFL-CIO says "many unions have discovered that a large part, if not all, of negotiated wage increases may be eaten away by downgrading of jobs and workers' wage rates as job content is changed."

If new production methods mean a change in job content, the AFL-CIO tells the union to ask these questions: "Does the changed job description portray actual changes in the job itself? If the job has been changed, does the change require a re-evaluation?" And it tells the unions to answer these questions by checking job descriptions to see if the changes are actual changes "and are not used as a handy excuse for watering down the job and its rating." They should also check to see if other duties were added that would make up for those taken away.

To help the unions in their evaluation the AFL-CIO has published a checklist that emphasizes the points to be checked in collective bargaining. (See box on the preceding page.)

Albert A. Blum
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Canadian Labor Press Highlights

Union Security

Employer payment of union dues, reports *The United Automobile Worker—Canadian Edition,* is one of the new developments in Quebec's debate on right to work *vs.* union security. A Quebec province arbitration board has, in effect, ordered an employer to pay the union dues of an employee who refuses to pay for "personal or other reasons." This is a departure from the "Rand formula"[1] which has been declared illegal by recent Quebec court decisions. Under the Rand formula, all employees covered by the contract, whether union members or not, had to pay union dues. Those who would not allow union dues to be deducted from their pay either had to resign or face dismissal from their jobs.

Under the arbitration board's new formula, the onus to pay is upon the employer. According to the UAW's bulletin, this is "an improvement in the Quebec labor picture. . . . Whether or not it will eventually be instrumental in leading to completely revamped labor legislation . . . merits close attention."

Revises Meeting Procedures

A "radical new method" of conducting its meetings is used by a British Columbia local of the Oil, Chemical and Atomic Workers International Union, reports the union's official paper, the *Oil, Chemical and Atomic Union News.*

Under the new system, each member receives a mimeographed workbook as he enters the union hall. Included in the workbook, which is prepared in advance by the local's executive board, are complete minutes of the last meeting, a list of every letter received (the actual letters are on file in the hall for any member to read), the reports of the local's officers and committees, and the executive board's recommendations. Each member is given time to study the book and discuss it with his friends during the sublocal meeting which precedes the general membership meeting.

This new way of running meetings was developed by an officer of the Canadian Labour Congress who introduced it into the OCAW local. Reporting that the method has proven most successful in this and two other OCAW locals, *Union News* predicts that it will spread to many other locals in the United States as well as in Canada.

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[1] The term "Rand formula" became popular after the 1946 arbitration award of Mr. Justice I. C. Rand of the Supreme Court of Canada which settled the Ford-UAW dispute in Windsor, Ontario.

Trends in Labor Relations

Teamsters vs. Typographical Union: Comparison in Democracy

DEMOCRACY as practiced in union elections varies widely from one union to another. Parallel events occurring in the latter part of August serve to sharpen the contrast in methods used by the Teamsters and the Typographical Union.

In the convention of the International Typographical Union, the union's president, Woodruff Randolph, announced that he would not be a candidate in the annual elections. While campaigning has already started no one could predict with certainty who would run for the office and who would win.

During the same week, James R. Hoffa appeared before the McClellan Committee. By his own testimony and by evidence presented in the hearings, the AFL-CIO's Ethical Practices Committee indicated he had disqualified himself from holding any union office. Yet he announced to reporters that it was a certainty that he would win the presidency at the Teamster convention to be held September 30. And the reporters had to agree that he had the convention votes to win.

These two events gave rise to the question: Why does this great difference between the two unions exist? The constitutions of the two unions as they relate to elections offer a good part of the answer.

Typographical Union's Safeguards

The constitution of the Typographical Union requires annual conventions for the transaction of union business. It, however, also requires annual election of officers, not by convention votes, but by referendum vote of all the members. And for this referendum vote it sets up many safeguards.

Under the Typographical Union's constitution, any member in good standing may nominate himself for president. In February of each year, the local unions vote on the nominees; and the five nominees who receive the greatest number of "endorsements" by the local unions become candidates in the final election. However, all candidates must have received the endorsement of at least fifty local unions. To receive the "endorsement" of a local union, a nominee must obtain a majority of votes cast by the members of the local. The constitution guarantees the candidates the right to "space in the April and May issues of the *Typographical Journal* for the publication of reasons and arguments in support of their candidacy. . . ." The annual election is held in May, and the candidate receiving the highest number of votes cast by individual members is declared elected. Voting is by secret ballot.

Historically, the Typographical Union has followed a course of strict adherence to democratic principles since its founding over 100 years ago by Horace Greeley. The members have a fierce pride in its democratic traditions, turn out a large vote each year, and zealously guard against any infringements on their democratic rights.

Moreover, there has arisen over the years a system of two and sometimes three political parties within the union. These parties keep careful watch on each other and especially on the incumbents. The constitution requires that all expenditures, however small, must be reported monthly in the *Typographical Journal*, the official publication which is received by every member. If anything were to be out of line, the opposition party would seize and capitalize on it in the next annual election. The incumbents in office know this.

Democratic procedures in the Typographical Union are thus established through constitutional safeguards and maintained through vigilant self-policing.

Teamster Power in Hands of Paid Officials

The Teamsters' constitutional provisions on electing a president are quite different.

Instead of annual elections, the Teamster constitution requires elections every five years. Election is not by referendum vote of the members but by convention action. The president is elected by a majority of votes cast by the delegates. Their vote is not by secret ballot but by roll call. In most cases the delegates are not rank and file members but paid union officials. In practice this means that their vote is controlled by whoever pays them or whoever has the power to remove them. In turn this means that votes are not decided by individual delegates on the convention floor but by power blocs before the convention vote ever takes place. Thus in the 1952 convention, Teamster President Daniel J. Tobin, who remained in office for 47 years, was forced out in a power play. James R. Hoffa swung his large Central States Conference voting bloc behind Dave Beck for the presidency. In return, Mr. Hoffa got the right to organize as a satrapy the Southern Conference of Teamsters plus a freer hand in trying to take over the East.

Represented at the coming Teamster convention will be delegates from approximately one thousand

locals. Mr. Hoffa's prediction of victory, reporters concluded, was based on the following voting blocs:

- A solid bloc of 400 locals in the Central States Conference of Teamsters which he heads.
- The 100 locals in the Southern Conference of Teamsters which is headed by Mr. Hoffa's appointee.
- At least 200 locals from the eastern states, with much of this voting strength represented in the 125,000-member New York Teamsters Joint Council No. 16 headed by John J. O'Rourke. The McClellan Committee claims Mr. O'Rourke was elected with the help of Mr. Hoffa and the Johnny Dio paper locals.

While Mr. Hoffa regards these as solid blocs of votes for himself, there are signs of growing defections of his forces to his three announced adversaries. Mr. Hoffa discounts these defections with the claim that he has over half the convention delegates personally pledged to him in writing.

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Compensation

(Continued from page 313)

"administering" the program on a continuing basis "in accordance with the established company policies and plans." Among these companies, seven of the administrators are responsible for administering the salary program, three the wage program, two incentive plans, two supplementary management compensation, one the executive salary program, and one the company stock option program.

While all but two of the twenty-seven companies have some form of job evaluation program to aid in the administration of wages and salaries for at least some levels of employees, only seven—as stated above—indicate that the central staff group has responsibilities regarding the company's job evaluation programs. One is responsible for "establishing and reviewing" the company job evaluation program. Another "coordinates" the corporate evaluation program, while a third "coordinates the installation and maintenance of the management evaluation plan." Four indicate that they have direct and continuing responsibility for administering the company evaluation programs.

The decentralized system of administering salaries followed by several of the companies finds many of them with formal evaluation plans available but leaves their adoption optional to the various departments or plants. One company, for instance, will make systematic evaluations of individual jobs or departments up to a salary level of $15,000 a year "at the request of the department involved."

The more direct administrative functions at the staff level are represented in the salary administration section of an automobile manufacturing company that exercises direct control over all central staff activities and functional control over all divisions and overseas salary administration activities for salaried employees paid up to $1,515 a month.

According to the supervisor, this salary administration section, which is comprised of three supervisors, twenty-one analysts and fourteen clerks, is responsible for:

"Programs and policies relating to salaried personnel such as preparation of presentations, submitting recommendations for proper administration of salaries on a company-wide basis, job analysis and evaluation, foremen's compensation, review of the supervisory structure to determine more effective utilization of supervisory personnel, installation of the management ranking program designed to rank nonevaluated management positions, determination of future salaried union demands, and interpretation and administration relative to various salary administration policies."

Following are other examples of more direct or centralized administrative control by headquarters compensation staffs among companies surveyed.

Glass Company—The director of wage and salary administration, reporting to the vice-president, personnel administration, has responsibilities covering hourly, salary and executive position evaluation; policy and procedure administration; clerical and statistical functions, and fringes (except group insurance and pensions) and "subsidiaries are serviced in precisely the same way divisions of the main company are serviced."

* * *

Pharmaceutical Company—The wage and salary administration department is responsible for establishing, maintaining and coordinating wage and salary classifications, compensation programs, employee benefit programs, incentive compensation programs, centralized employee records, and organization planning for "all company locations."

* * *

Electrical Products Company—The salary and wage administration department reports to the vice-president, industrial relations and has as its primary function the development, maintenance and administration of the salary and wage plan for the company and its subsidiaries. Specific duties cover wages, salaries, maintenance of some employee records, development of salary and wage policies, conducting and analyzing surveys, performing research and analysis of new jobs and assembling data for union negotiations.

* * *

Electrical Products Company—The director of wage and salary administration heads a group of thirteen employees who "handle all wage and salary matters up to the officers." The department is responsible for: job evaluation of all hourly and salaried positions; performance reviews; approval of all individual increases (except those at the top on which they merely recommend action); maintaining "adequate pension, insurance, and other employee benefit plans"; administration of the executive bonus plan; making

all wage, salary and fringe benefit surveys; making recommendations to top management regarding general adjustments. The head of this department also serves on the management negotiation committee.

* * *

Industrial Machinery Company—The manager, wage research service directs the activities of a headquarters group that is responsible for the evaluation and administration of rates for all factory employees and the evaluation of salaried occupations in his local plant and serves as a consultant for seventeen outlying plants. Thirteen of his employees—nine analysts and four clerks—work only on the company evaluation programs. The manager outlines the duties of his group as:

a. *Wages*—Preparation of job descriptions and evaluations, administration of rates and recommending changes or revisions in rate structure.
b. *Salaries*—Preparation of job descriptions and evaluations and recommending changes or revisions in salary structure.
c. *Maintenance of employee records*—For hourly paid employees.
d. *Incentive plans*—Development of incentive policies, procedures and training programs.
e. *Fringes*—Conducting extensive surveys in general policies and practices for use in recommending revisions or changes in fringe issues.
f. *Other*—Developing and administering company-wide cost reduction program and supervisory training in cost reduction and related areas.

* * *

Metals Company—The salary administrator, reporting to the vice-president of personnel and industrial relations, coordinates and correlates salary policy, salary structures and salary movement for all locations and subsidiary companies. Other duties cover the administration of salaries, supplementary compensation for management, stock option programs, and maintaining individual salary records.

In the case of this last company, efforts to decentralize salary administration are currently in process. The salary administrator indicates that decentralization of salary administration "to the greatest extent practical" is the company's primary concern of the moment. "In our company," he adds, "this means that each plant would administer the salaries of all nonexempt and lower-paid exempt employees without approval of individual raises from the central office."

The central office would, however, continue to counsel on and review proposed changes in local salary structures and relative values of jobs involved. And it would also receive periodic reports in order to check salary levels, as well as make periodic visits to each plant to discuss salary administration problems encountered at the local level.

In contrast with this attitude is the approach of a company in which responsibility for salary programs, except for management compensation, is for the most part decentralized. It is striving for greater centralization "of control at least" of the fifteen separate compensation plans now existing within the company. A spokesman for the company reports: "As a central staff unit, we feel that we should provide assistance and advice and have the 'right' to review all of the employee compensation plans in the company, rather than be confined largely to the management compensation program as at present."

In several of the companies the administrative activity of the headquarters group is direct at some locations or levels and purely advisory at others. In the wage and salary section of a large rubber company surveyed, for instance, the salary group is responsible for "consistent salary administration throughout the company," while the responsibility of the wage group is "one of advising and research." The section directly services product divisions, auxiliary departments and branches and serves in an advisory capacity to foreign operations and domestic subsidiaries.

EMPLOYEES COVERED

The handling of wages and salaries has been incorporated under one administrative head in fifteen of the twenty-seven companies, and the staff compensation people representing these companies have responsibilities covering both wages and salary administration. In ten of the remaining twelve companies, the administrator is primarily concerned with salary activity and has no control over wages. The two others are responsible for wage administration exclusively.

Both of the administrators who are restricted to wage administration head departments where the primary function is largely one of research and consultation. As one describes his major responsibility, it is "to provide a central source of information covering all data pertinent to the effective administration of hourly wage rates throughout the corporation."

This purely advisory role for the staff wage administrator is typical, rather than exceptional, in highly unionized companies. It appears that in such companies the wage administrator's duties of setting rates and controlling the internal wage structure are conditioned to a considerable extent by union negotiation processes. Not only are actual rates negotiated, but under the provisions of long-term contracts, increases for nonexempt hourly personnel may be predetermined on an automatic basis over a period of years.

Under these circumstances, the primary duty of the administrator exclusively concerned with wages is to fortify management's stand during negotiating sessions. Therefore the emphasis upon research—providing cost analysis, comparative wage data, and other vital statistical information—is understandable. For while rates are set by negotiations, management agrees to rates on the basis of advice and information provided by the wage administrator.

The staff consultant heading the wage section of a large, highly unionized communications company, for

instance, describes his principal duties as providing consultation "on all 'bargainable' items and analysis of their costs." His section, which reports to the assistant vice-president in personnel responsible for union-management relations, wages and working conditions, consists of only three directly supervised employees. He also has the use, however, of several statistical service groups whose primary responsibility is "to keep up-to-date on a daily basis files containing fingertip information on all pay rates, pay rate structures, pay levels, working practices, contract clauses, etc. These data are invaluable in a consulting type of supervisory job such as we do for the subsidiary companies."

SALARY ADMINISTRATION STRESSED

Even when the administration of both wages and salaries are coordinated under one central administrative section, the activities of most of the staff are usually concerned with administering salaries rather than wages. The supervisor of the wage and salary section of a large petroleum products company reports that "while wages are included in the duties of the group, by far the greater part of the work is with regard to salaries." In this case, the principal duty of the section is administering the salary classification plan, which includes maintaining salary classification records and salary surveys.

This unequal distribution of activity in administration of wages and salaries reflects the greater diversification of salary programs. When all levels are included—exempt, nonexempt, professional, technical, middle management, sales and executive—a number of separate salary plans, as well as evaluation and incentive plans, may be incorporated into the company's over-all salary program. While the wage administrator's job is primarily advisory or consultative in nature, control of the salary structure often entails a variety of more direct administrative responsibilities.

The salary staff also has the continuing problem of coordinating the salary program with the company's fluctuating wage structure. Whether contracted on a national or local basis and with one or a variety of unions, wages—once negotiated—are an accomplished fact. And the wage administrator responsible for integrating these into his wage structure is often forced to do so with little immediate regard for the company's parallel salary structure. But these negotiated increases for hourly employees are almost certain to have some impact upon the over-all payroll structure, and salaries must be adjusted accordingly. No matter how the adjustments are made—whether by general increases, merit increases, or additions to the salary ranges—it is usually up to the salary administrator to determine the most satisfactory method of dealing with this recurrent threat to his company's salary structure.

Brief descriptions of the responsibilities of two of the administrative groups handling both wages and salaries at the central location follow:

Electrical Equipment Company—The manager, wage and salary administration heads a group of six employees responsible for the coordination of the corporate wage and salary program—including evaluation, conduct of merit review programs, compliance with wage and hour legislation, and maintenance of corporate salary administration records.

Rubber Company—The five employees under the manager, wage and salary administration are primarily responsible for: establishing salary administration policies; establishing and reviewing job evaluation programs; compiling and analyzing payroll and fringe benefit statistics; formulating and administering supplementary compensation programs for sales and executive personnel; maintaining salary records for the middle-management group; reviewing rate and range adjustments (hourly and salary, office and store); establishing cost of living allowances for expatriates.

EXECUTIVE COMPENSATION

As has been indicated, executive salaries do not as a matter of course fall into the bailiwick of the wage and salary administrator. They are often handled instead by a company executive or an executive salary committee. The committee may call upon the administrator for corroborative advice or survey data, but in most instances his role remains largely consultative. As one of the administrators puts it:

> "Although normally the wage and salary administration has the responsibility for executive and top managerial salaries as part of its function, actually the company salary committee and the management evaluation committee primarily administer salaries at these levels. The wage and salary administration section, however, assists materially in preparing information, making surveys and analyses, recommending specific actions, and coordinating salary actions concerning top management personnel with those accorded to all other salaried employees."

There is, however, as has also been indicated, a growing trend to incorporate the administration of high-level executive salaries—along with sales and other specialized levels—into a comprehensive unified wage and salary administration office. At least seven of the compensation people in the twenty-seven companies have responsibilities covering some aspects of executive compensation. Two are responsible for the full range of salaries from the lowest level through the executive. Two administer lower-level salaries but have responsibilities touching on supplementary executive compensation programs. And three are almost exclusively concerned with top-level executive compensation.

The compensation specialist of a petroleum products company, for instance, helps administer salaries and maintains salary records and personnel histories for

"unclassified salaries of approximately $20,000 a year and above."

The general supervisor of salary administration of a metals company is responsible for classifying all the management positions in the largest division (10,900 management employees) and coordinates the installation and maintenance of management evaluation plans in other divisions and subsidiaries, both foreign and domestic.

Among the companies surveyed, however, the individual who is most directly concerned with executive compensation is the manager of the salary committee staff of an insurance company. The compensation function in this company is carried out through fifteen separate wage or salary plans, divided according to type of employee or geographic considerations as follows: management, agency salesmen, group salesmen, clerical (five plans), building maintenance (four plans), commissary employees (three plans).

The top compensation authority under the president is a salary committee composed of six of the highest-ranking officers in the company, exclusive of the president and chairman of the board. The chairman of the committee is the senior vice-president. The manager of salary committee staff reports to the secretary of the company who is also secretary of the committee. The manager's staff includes three analysts and three clerical employees who perform all the necessary research and staff work for the salary committee. The manager describes the duties of the salary committee as follows:

> "The salary committee retains the immediate responsibility for the management compensation program. On other programs the responsibility is decentralized for the most part, except that the committee does authorize all changes in wage and salary scales and general increases in pay.
>
> "In addition to its compensation responsibilities, the salary committee must approve all major changes in the company's organization structure. The salary committee staff has the responsibility in evaluating and recommending salary ranges for approximately 700 jobs in the management group. These jobs are occupied by approximately 1,300 incumbents. In general, we cover jobs with maximums from $10,000 through vice-presidents (excluding members of the salary committee).
>
> "In addition we do have jurisdiction over some jobs below $10,000 which are of a professional or highly technical nature. The staff is further responsible for rendering advice and processing all personnel, position and salary changes for employees in the management group. We also advise on and process the various organizational changes in the company which the salary committee authorizes. The staff maintains salary and other records for employees in the management group and dispatches all official notifications of actions and decisions of the salary committee and its chairman. Only occasionally are we called on for staff work in areas outside of the management compensation plans."

SIZE OF STAFF

A great many company executives want to know "how many employees are required to administer wages and/or salaries?" Only because of the persistence of these questioners did THE CONFERENCE BOARD request this information from the twenty-seven cooperating companies; the Board hesitated to secure this information because it recognizes that the resulting analysis would not be indicative of anything that could be considered reliable or significant. In fact, data like these run grave risk of being completely misleading.

This fear is substantiated by the fact that the number of employees required to administer the wages and/or salaries among the group of twenty-seven companies ranges all the way from a minimum of three to a maximum of forty-one. The philosophy of the management, the companies' policies, the number and types of control techniques used and the degree of centralization of administration employed are more of a determinant of the number of such employees required than is the size of the company.

The wage section of the largest company represented (786,719 employees), for instance, has only three directly supervised employees in addition to the staff consultant who heads the group. But the function of the section is purely advisory and the organization is highly decentralized.

In contrast to this is the case of a company with 16,000 employees that requires forty-one people, including four supervisory employees, five senior analysts, four wage and salary assistants and twenty-eight clerical employees for its central wage and salary administration functions. The group, however, directly services headquarters divisions and acts in a control and advisory capacity to thirteen divisions or companies. And its duties include:

> Development of salary, wage and fringe benefit plans, policies and procedures.
>
> Administration of salaries and wages in accordance with established plans, policies and government regulations.
>
> Preparation and maintenance and follow-up on employee leaves of absence.
>
> Preparation, maintenance and issuance of various personnel data.
>
> Administration of two evaluation plans for both headquarters and division personnel. One is a rank-point-factor plan covering exempt positions up to top management level, and the other a factor-point plan covering nonexempt salaried.

Among the companies represented the most frequent number of employees required to administer compensation programs at headquarters locations is twelve. The number of employees in these companies ranges from 6,300 to 55,000.

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Significant Labor Statistics

Item	Unit	1957							Year Ago	Percentage Chan[ge]	
		July	June	May	April	Mar.	Feb.	Jan.		Latest Month over Previous Month	Lates[t] Mont[h] over Year Ago
Consumer Price Indexes											
All Items	1953 = 100	104.8	104.5	104.1	103.9	103.7	103.6	103.4	102.1	+0.3	+2
Food	1953 = 100	102.8	102.0	101.1	100.6	100.4	100.5	100.2	100.1	+0.8	+2
Housing	1953 = 100	105.5	105.5	105.4	105.4	105.2	104.8	104.5	102.8	0	+2
Apparel	1953 = 100	101.2	101.2	101.2	101.2	101.0	100.9	100.8	100.0	0	+1
Transportation	1953 = 100	107.6	107.5	107.4	107.4	107.3	107.7	107.8	104.0	+0.1	+3
Sundries	1953 = 100	107.2	106.7	106.5	106.3	106.1	105.8	105.5	104.2	+0.5	+2
Purchasing value of dollar	1953 dollars	95.4	95.7	96.0	96.2	96.4	96.5	96.7	97.9	−0.3	−2
(*BLS*) All items	1947–1949 = 100	120.8	120.2	119.6	119.3	118.9	118.7	118.2	117.0	+0.5	+3
Employment Status[1]											
Civilian labor force	thousands	70,228	69,842	67,893	66,951	66,746	66,311	65,821	72,325	+0.6	−2
Employed	thousands	67,221	66,504	65,178	64,261	63,865	63,190	62,578	69,489	+1.1	−3
Agriculture	thousands	7,772	7,534	6,659	5,755	5,434	5,195	4,935	7,700	+3.2	+0
Nonagricultural industries	thousands	59,449	58,970	58,519	58,506	58,431	57,996	57,643	58,955	+0.8	+0
Unemployed	thousands	3,007	3,337	2,715	2,690	2,882	3,121	3,244	2,833	−9.9	+6.
Wage Earners[2,3]											
Employees in nonagr'l establishm'nts	thousands	*p* 52,574	*r* 52,874	*r* 52,456	52,245	51,894	51,704	51,238	51,258	−0.6	+2.
Manufacturing	thousands	*p* 16,671	*r* 16,847	*r* 16,762	16,822	16,933	16,945	16,937	16,301	−1.1	+2.
Mining	thousands	*p* 852	*r* 859	*r* 835	833	831	833	804	765	−0.8	+11.
Construction	thousands	*p* 3,290	*r* 3,233	*r* 3,082	2,906	2,756	2,673	2,719	3,256	+1.8	+1.
Transportation and public utilities	thousands	*p* 4,203	*r* 4,182	*r* 4,156	4,153	4,147	4,120	4,112	4,161	+0.5	+1.
Trade	thousands	*p* 11,486	*r* 11,501	*r* 11,411	11,428	11,265	11,225	11,139	11,164	−0.1	+2.
Finance	thousands	*p* 2,392	*r* 2,359	*r* 2,329	2,320	2,310	2,301	2,294	2,349	+1.4	+1.
Service	thousands	*p* 6,520	*r* 6,552	*r* 6,520	6,432	6,317	6,273	5,918	6,296	−0.5	+3.
Government	thousands	*p* 7,160	*r* 7,341	*r* 7,361	7,351	7,335	7,334	7,315	6,966	−2.5	+2.
Production and related workers in mfg. employment											
All manufacturing	thousands	*p* 12,768	*r* 12,962	*r* 12,894	12,960	13,085	13,114	13,117	12,536	−1.5	+1.
Durable	thousands	*p* 7,436	*r* 7,601	*r* 7,600	7,635	7,693	7,721	7,703	7,113	−2.2	+4.
Nondurable	thousands	*p* 5,332	*r* 5,361	*r* 5,294	5,325	5,392	5,393	5,414	5,423	−0.6	−1.
Average weekly hours											
All manufacturing	number	*p* 39.9	*r* 40.0	39.7	39.8	40.1	40.2	40.1	40.1	−0.25	−0.
Durable	number	*p* 40.2	*r* 40.6	40.2	40.5	40.7	40.9	40.8	40.7	−1.0	−1.
Nondurable	number	*p* 39.5	*r* 39.2	38.9	38.8	39.2	39.3	39.1	39.4	+0.8	+0.
Average hourly earnings											
All manufacturing	dollars	*p* 2.08	2.07	2.06	2.06	2.05	2.05	2.05	1.96	+0.5	+6.
Durable	dollars	*p* 2.20	2.19	2.18	2.18	2.18	2.17	2.17	2.07	+0.5	+6.
Nondurable	dollars	*p* 1.90	1.89	1.88	1.87	1.87	1.86	1.86	1.82	+0.5	+4.
Average weekly earnings											
All manufacturing	dollars	*p* 82.99	*r* 82.80	81.78	81.99	82.21	82.41	82.21	78.60	+0.2	+5.
Durable	dollars	*p* 88.44	*r* 88.91	87.64	88.29	88.73	88.75	88.54	84.25	−0.5	+5.
Nondurable	dollars	*p* 75.05	*r* 74.09	73.13	72.56	73.30	73.10	72.73	71.71	+1.3	+4.
Straight time hourly earnings (estimated)											
All manufacturing	dollars	*p* 2.03	2.01	2.01	2.01	1.99	1.99	1.99	1.91	+1.0	+6.
Durable	dollars	*p* 2.14	2.12	2.12	2.11	2.11	2.10	2.10	2.00	+0.9	+7.
Nondurable	dollars	*p* 1.86	1.85	1.84	1.83	1.83	1.82	1.82	1.78	+0.5	+4.
Turnover Rates in Manufacturing[2]											
Separations	per 100 employees	*p* 3.2	*r* 3.0	3.4	3.3	3.3	3.0	3.3	3.2	+6.7	0
Quits	per 100 employees	*p* 1.4	1.3	1.4	1.3	1.3	1.2	1.3	1.5	+7.7	−6.
Discharges	per 100 employees	*p* 0.2	0.2	0.3	0.2	0.2	0.2	0.2	0.2	0	0
Layoffs	per 100 employees	*p* 1.4	1.1	1.5	1.5	1.5	1.4	1.5	1.2	+27.3	+16.
Accessions	per 100 employees	*p* 3.2	*r* 3.9	3.0	2.8	2.8	2.8	3.2	3.3	−17.9	−3.

[1] Bureau of the Census. Beginning with January, 1957, employment status figures reflect slightly modified definitions of employment and unemployment.
[2] Bureau of Labor Statistics.
[3] The BLS has adjusted its nonfarm employment and hours and earnings series to first quarter 1955 benchmark levels. The benchmark level is the total count of worke[rs] covered in each industry, and in this instance the data were received from governme[nt] social insurance programs. The adjustment affects all figures since February, 195[.]

p Preliminary. *r* Revised. A Less than .05% change.

Retail Prices Higher in July

The rise in the cost of food again accounted for a large part of the monthly increase in the over-all retail price level

THE UPWARD trend of retail prices was carried over into the second half of 1957 as consumer prices continued to rise in July. According to THE CONFERENCE BOARD's consumer price index, retail prices rose 0.3% over the month. This increase brought the all-items index for the United States to 104.8 (1953 = 100), which was 2.6% above the year-ago level.

The purchasing value of the consumer dollar fell 0.3 cent in July as it was reduced to 95.4 cents (1953 dollar = 100 cents). This was 2.6 cents below the value of the July, 1956, dollar.

A continued seasonal increase in the cost of food was the primary reason for the July rise. Over the month, the food index was 0.8% higher, while sundries were up 0.5%, and transportation rose a slight 0.1%. Housing and apparel costs, on the other hand, remained at their June, 1957, levels.

Although three of the five major areas of consumer spending that make up the retail price index recorded increases over the month, the general uptrend of prices appears to be losing some of its momentum. Price differences between the current month and the corresponding month a year ago were smaller in July than for any of the preceding three months. May, June and July, which because of seasonal upswings generally record the largest price advances of the year, showed a combined increase of 0.9% in 1957, as compared with 1.1% in 1956.

FOOD MOVING TOWARD PEAK

The seasonal upward movement of food prices continued in July; however its force was somewhat less than in preceding months. The meat, fish and poultry index advanced 1.6%, as all meats recorded price increases. The largest increase came in beef, 1.9%, and was followed by advances of 1.7% for both pork and poultry. The 'other meats' group and fish recorded lesser increases.

Fruits and vegetables, which had registered seasonal price hikes ranging from 1.0% to 3.3% over the past three months, rose a relatively slight 0.5% in July. Both fresh fruits and fresh vegetables were mainly responsible for this advance, as canned fruits and vegetables rose only fractionally. Potatoes, up 1.5%, showed the greatest price strength in the group.

The dairy products and eggs index, up 1.1%, registered its first increase in eight months. During that period, rapidly declining egg prices had more than balanced the slow upward trend of manufactured dairy products. In July, egg prices finally recovered from their prolonged weakness and rose 3.5%. This advance, combined with lesser increases for fresh milk and manufactured dairy products, resulted in the upward shift of the group index.

Cereal and bakery product prices continued their slow but steady climb, as they advanced 0.3% over the month. Bread and flour, both up slightly, were mainly responsible for the rise in the group index. The 'other food' group remained unchanged over the month, as declines in coffee and fats and oils were cancelled by higher prices for tea and sugar.

THE NONFOOD GROUPS

The sundries index, with a 0.5% advance, registered the largest increase among the otherwise rather stable nonfood groups. This was the result of a 1.2% increase in the cost of alcoholic beverages and tobacco, combined with a 0.5% advance in medical care charges. The other parts of the sundries index recorded only fractional increases.

Higher public transportation costs, which more than outweighed weak new car prices, were entirely responsible for the slight advance of the transportation index.

The remaining two nonfood groups were unchanged over the month. Higher rent, electricity and household operation charges counterbalanced lower fuel and housefurnishings prices in the housing index. The stability of the apparel index was the result of slightly lower women's clothing prices, which were cancelled by higher charges for dry cleaning and shoe repair. Men's apparel costs remained unchanged.

SINCE A YEAR AGO

Compared with a year ago, prices for all commodity groups were substantially higher this July. Transportation, recording the greatest increase, rose 3.5%. The development of a stronger market for used cars helped push automobile transportation costs up 3.4%. Public transportation charges, up 3.8%, continued to move upward, with higher rates recorded for many cities.

Sundries costs increased again this month, bringing the yearly rise to 2.9%. Since 1953, sundries have

Consumer Price Index—United States

Cities over 50,000 population

1953 = 100

	ALL ITEMS	FOOD						HOUSING				
		Total	Meat, Fish, Poultry	Cereal, Bakery Products	Dairy Products, Eggs	Fruits, Vegetables	Other Food at Home	Total	Rent	Fuel, Power, Water		
										Total	Gas	Electricity
1956 January	101.1	97.5	88.4	104.9	98.5	99.7	105.7	102.2	106.8	105.0r	108.9r	101.
February	101.1	97.3	88.0	104.9	96.9	101.5	105.3	102.4	107.1	105.6r	108.9r	101.
March	101.1	97.0	87.4	104.9	96.0	101.7	105.8	102.6	107.2	105.7r	108.9r	102.
April	101.0	97.0	87.2	104.9	94.7	102.4	106.4	102.6	107.5	105.7r	109.1r	102.
May	101.2	97.7	88.5	105.0	94.4	105.6	106.7	102.6	107.6	105.3r	109.1r	102.
June	101.7	99.2	89.9	105.3	94.3	112.1	107.4	102.7	107.7	105.3r	108.9r	102.
July	102.1	100.1	90.9	105.5	95.1	114.2	108.0	102.8	107.9	103.9	106.0	102.
August	102.3	100.4	92.5	105.7	96.5	100.8	108.5	103.0	108.0	104.0	106.1	102.
September	102.4	100.3	93.6	105.8	97.4	105.8	109.1	103.3	108.1	104.3	106.5	102.
October	102.7	100.8	95.1	106.4	99.0	102.7	109.7	103.4	108.4	104.7	106.5	102.
November	103.2	100.5	93.5	106.6	99.7	102.1	110.1	103.6	108.5	105.3	106.8	102.
December	103.2	100.5	92.6	106.8	99.1	103.3	110.4	103.7	108.6	105.5	106.5	102.
1956 Annual Average	101.9	99.0	90.7	105.6	96.8	105.2	107.8	102.9	107.8	105.0r	107.7r	102.
1957 January	103.4	100.2	91.7	107.1	97.8	104.1	110.8	104.5	108.7	107.8	109.5	102.
February	103.6	100.5	92.4	107.7	97.2	104.8	111.1	104.8	108.9	108.6	109.5	102.
March	103.7	100.4	92.5	108.1	96.4	104.2	111.1	105.2	108.9	108.7	109.6	102.
April	103.9	100.6	93.1	108.6	95.6	105.2	111.0	105.4	109.4	108.8	109.4	102.
May	104.1	101.1	93.9	108.9	94.7	108.7	110.2	105.4	109.5	108.5	109.5	102.
June	104.5	102.0	95.7	109.3	94.0	111.3	110.0	105.5	109.6	108.3	109.4	102.
July	104.8	102.8	97.2	109.6	95.0	111.9	110.0	105.5	110.1	106.6	106.7	102.

	HOUSING (continued)		APPAREL			TRANSPORTATION	SUNDRIES	PURCHASING VALUE OF DOLLAR	REBASED INDEXES		
	Furnishings, Equipment	Other Household Operations	Total	Men's Apparel	Women's Apparel				All Items (January 1939 = 100)	Purchasing Value of January, 1939 Dollar	All Item (1947-49 = 100)
1956 January	99.3	102.0	99.3	99.8	98.0	105.8	103.1	98.9	183.6	54.5	115.
February	99.5	102.1	99.3	99.9	98.1	105.3	103.4	98.9	183.6	54.5	115.
March	99.4	102.3	99.4	99.9	98.2	105.1	103.7	98.9	183.6	54.5	115.
April	99.3	102.2	99.6	100.1	98.3	104.4	103.7	99.0	183.5	54.5	115.
May	99.1	102.4	99.7	100.3	98.2	104.1	103.8	98.8	183.9	54.4	115.
June	99.1	102.4	99.9	100.5	98.3	103.9	103.9	98.3	184.7	54.1	115.
July	99.0	102.8	100.0	100.7	98.2	104.0	104.2	97.9	185.4	53.9	116.
August	98.9	103.0	100.2	101.1	98.3	103.9	104.5	97.8	185.8	53.8	116.
September	99.3	103.6	100.3	101.6	98.2	104.1	104.7	97.6	186.0	53.8	116.
October	99.3	103.6	100.5	101.7	98.3	104.1	105.0	97.4	186.5	53.6	116.
November	99.5	103.7	100.7	102.0	98.3	107.7	105.2	96.9	187.3	53.4	117.
December	99.8	103.8	100.7	102.1	98.2	107.9	105.4	96.9	187.5	53.3	117.
1956 Annual Average	99.3	102.8	100.0	100.8	98.2	105.0	104.2	98.1	185.1	54.0	116.
1957 January	99.8	104.5	100.8	102.3	98.2	107.8	105.5	96.7	187.8	53.3	117.
February	100.0	104.8	100.9	102.3	98.4	107.7	105.8	96.5	188.2	53.1	117.
March	100.4	105.2	101.0	102.4	98.5	107.3	106.1	96.4	188.4	53.1	118.
April	100.5	105.3	101.1	102.5	98.5	107.4	106.3	96.2	188.7	53.0	118.
May	100.4	105.5	101.2	102.6	98.5	107.4	106.5	96.0	189.1	52.9	118.
June	100.5	105.6	101.2	102.6	98.5	107.5	106.7	95.7	189.7	52.7	118.
July	100.4	105.9	101.2	102.6	98.4	107.6	107.2	95.4	190.3	52.6	119.

Consumer Price Index—United States

Annual Averages 1914-1956[a]

1953 = 100

Year	All Items	Purchasing Value of Dollar	Year	All Items	Purchasing Value of Dollar	Year	All Items	Purchasing Value of Dollar	Year	All Items	Purchasing Value of Dollar
1914	40.3	248.1	1925	67.8	147.5	1936	54.8	182.5	1947	84.7	118.
1915	40.0	250.0	1926	68.3	146.4	1937	57.2	174.8	1948	90.1	111.
1916	43.0	232.6	1927	66.9	149.5	1938	55.7	179.5	1949	88.8	112.
1917	51.3	194.9	1928	65.9	151.7	1939	55.0	181.8	1950	90.0	111.
1918	59.5	168.1	1929	65.6	152.4	1940	55.4	180.5	1951	97.0	103.
1919	67.6	147.9	1930	63.4	157.7	1941	58.3	171.5	1952	99.5	100.
1920	77.8	128.5	1931	57.0	175.4	1942	64.5	155.0	1953	100.0	100.
1921	66.8	149.7	1932	50.9	196.5	1943	68.2	146.6	1954	100.2	99.
1922	63.6	157.2	1933	49.0	204.1	1944	69.1	144.7	1955	100.3	99.
1923	65.4	152.9	1934	51.8	193.1	1945	70.2	142.5	1956	101.9	98.
1924	66.1	151.3	1935	53.6	186.6	1946	74.9	133.5			

a Indexes from 1914 through 1919 are for the month of July only and are not annual averages
V. Revised

Consumer Price Indexes for Individual Cities

NOTE: These indexes show changes in consumer prices only. They do not show intercity differences in price level or standard of living.

Cities Surveyed Monthly

	1953 = 100			Percentage Changes	
	July 1957	June 1957	July 1956	June 1957 to July 1957	July 1956 to July 1957
Chicago					
All Items	107.5	106.5	104.8	+0.9	+2.6
Food	104.5	103.4	102.1	+1.1	+2.4
Housing	110.6	110.2	108.3	+0.4	+2.1
Apparel	101.4	101.1	100.7	+0.3	+0.7
Transportation	109.7	107.7	103.5	+1.9	+6.0
Sundries	109.3	108.2	106.7	+1.0	+2.4
Houston					
All Items	104.8	104.8	101.7	0	+3.0
Food	102.8	102.8	99.7	0	+3.1
Housing	105.3	105.5	102.5	−0.2	+2.7
Apparel	102.8	102.7	100.3	+0.1	+2.5
Transportation	107.7	107.5	104.2	+0.2	+3.4
Sundries	105.9	105.8	102.1	+0.1	+3.7

	1953 = 100			Percentage Changes	
	July 1957	June 1957	July 1956	June 1957 to July 1957	July 1956 to July 1957
Los Angeles					
All Items	104.7	104.7	101.2	0	+3.5
Food	102.6	102.4	98.7	+0.2	+4.0
Housing	104.1	104.6	101.3	−0.5	+2.8
Apparel	101.4	102.0	99.3	−0.6	+2.1
Transportation	107.7	108.5	104.2	−0.7	+3.4
Sundries	108.1	106.7	103.2	+1.3	+4.7
New York					
All Items	105.1	104.9	102.6	+0.2	+2.4
Food	103.9	103.6	101.0	+0.3	+2.9
Housing	105.2	105.3	103.3	−0.1	+1.8
Apparel	99.7	99.5	98.9	+0.2	+0.8
Transportation	116.4	116.2	113.0	+0.2	+3.0
Sundries	105.6	105.2	102.4	+0.4	+3.1

Cities Surveyed Quarterly

	1953 = 100			Percentage Changes	
	July 1957	Apr. 1957	July 1956	Apr. 1957 to July 1957	July 1956 to July 1957
Birmingham					
All Items	103.2	102.6	101.1	+0.6	+2.1
Food	100.8	99.0	98.6	+1.8	+2.2
Housing	102.9	103.1	101.6	−0.2	+1.3
Apparel	101.8	102.3	100.7	−0.5	+1.1
Transportation	98.0	97.7	96.7	+0.3	+1.3
Sundries	112.2	111.3	107.6	+0.8	+4.3
Bridgeport					
All Items	104.6	104.2	102.9	+0.4	+1.7
Food	102.3	100.6	101.7	+1.7	+0.6
Housing	104.8	105.2	102.1	−0.4	+2.6
Apparel	101.3	100.8	100.9	+0.5	+0.4
Transportation	108.2	108.1	105.5	+0.1	+2.6
Sundries	107.8	107.6	105.7	+0.2	+2.0
Cincinnati					
All Items	105.7	104.8	103.1	+0.9	+2.5
Food	102.4	100.2	100.0	+2.2	+2.4
Housing	107.0	106.8	103.6	+0.2	+3.3
Apparel	103.3	102.7	102.4	+0.6	+0.9
Transportation	106.4	105.9	103.1	+0.5	+3.2
Sundries	110.1	109.2	107.8	+0.8	+2.1
Erie					
All Items	106.0	105.0	103.0	+1.0	+2.9
Food	105.1	102.1	100.8	+2.9	+4.3
Housing	106.2	105.6	103.2	+0.6	+2.9
Apparel	101.5	101.7	100.9	−0.2	+0.6
Transportation	104.6	105.9	102.4	−1.2	+2.1
Sundries	110.8	110.2	107.8	+0.5	+2.8
Grand Rapids					
All Items	107.1	106.0	104.0	+1.0	+3.0
Food	107.3	104.3	103.9	+2.9	+3.3
Housing	105.8	105.9	103.2	−0.1	+2.5
Apparel	104.1	103.7	102.9	+0.4	+1.2
Transportation	107.6	108.0	103.4	−0.4	+4.1
Sundries	110.5	108.6	106.4	+1.7	+3.9
Minneapolis-St. Paul					
All Items	106.0	105.0	103.2	+1.0	+2.7
Food	106.1	104.0	103.4	+2.0	+2.6
Housing	106.4	106.3	103.6	+0.1	+2.7
Apparel	101.8	101.9	100.4	−0.1	+1.4
Transportation	103.9	104.8	102.1	−0.9	+1.8
Sundries	107.8	105.0	103.4	+2.7	+4.3

	1953 = 100			Percentage Changes	
	July 1957	Apr. 1957	July 1956	Apr. 1957 to July 1957	July 1956 to July 1957
Newark-N. E. N. J.					
All Items	104.1	102.9	101.0	+1.2	+3.1
Food	103.5	100.9	100.0	+2.6	+3.5
Housing	104.7	104.4	101.7	+0.3	+2.9
Apparel	100.2	100.4	98.5	−0.2	+1.7
Transportation	104.2	104.0	101.6	+0.2	+2.6
Sundries	106.3	104.8	102.8	+1.4	+3.4
New Orleans					
All Items	105.2	104.2	102.9	+1.0	+2.2
Food	106.1	103.2	103.6	+2.8	+2.4
Housing	105.2	105.2	102.5	0	+2.6
Apparel	101.0	102.0	101.6	−1.0	−0.6
Transportation	103.5	102.8	100.3	+0.7	+3.2
Sundries	107.6	107.0	105.0	+0.6	+2.5
Philadelphia					
All Items	104.1	103.2	101.0	+0.9	+3.1
Food	102.3	99.4	99.4	+2.9	+2.9
Housing	105.0	104.7	100.5	+0.3	+4.5
Apparel	101.3	101.9	99.7	−0.6	+1.6
Transportation	106.6	107.5	104.6	−0.8	+1.9
Sundries	106.4	105.8	103.5	+0.6	+2.8
Roanoke					
All Items	102.1	101.2	100.0	+0.9	+2.1
Food	98.5	96.6	97.4	+2.0	+1.1
Housing	103.3	103.2	101.5	+0.1	+1.8
Apparel	99.9	99.2	98.7	+0.7	+1.2
Transportation	106.3	105.8	103.0	+0.5	+3.2
Sundries	103.6	102.6	99.8	+1.0	+3.8
Seattle					
All Items	105.5	104.4	102.2	+1.1	+3.2
Food	106.4	104.0	101.7	+2.3	+4.6
Housing	104.4	104.0	101.5	+0.4	+2.9
Apparel	102.4	102.4	100.4	0	+2.0
Transportation	102.5	102.4	100.5	+0.1	+2.0
Sundries	109.8	107.8	106.4	+1.9	+3.2
Syracuse					
All Items	104.2	103.1	101.2	+1.1	+3.0
Food	102.2	99.0	98.3	+3.2	+4.0
Housing	105.5	105.4	103.1	+0.1	+2.3
Apparel	103.2	102.5	101.6	+0.7	+1.6
Transportation	105.6	105.5	100.9	+0.1	+4.7
Sundries	104.7	104.4	102.3	+0.3	+2.3

moved up at a faster rate than any of the other component groups. To a great extent, this rise has been the result of sharp increases in service charges, which comprise a sizable part of the sundries index. Over the year, medical fees moved 3.4% higher, with personal care charges following with a rise of 2.7%. Alcoholic beverages and tobacco were up 3.0%, as both parts of the index registered increases.

Food prices were up a moderate 2.7% since a year ago. But 0.8% of the increase came this month. A drop of 2.0% for fruits and vegetables over the year reduced the over-all rise of the food index. Dairy products and eggs were down fractionally, with eggs off almost 10%. Primarily responsible for the rise in the food index was the 6.9% increase for meat, fish and poultry. Cereal and bakery products and the "other food" group registered lesser advances of 3.9% and 1.9% respectively.

The housing index, with rising costs for all groups, was up 2.6%. The advances ranged from 3.0% for household operations to 0.7% for gas and electricity. Rents were 2.0% higher than a year ago.

Apparel costs, up 1.2%, registered the smallest increase of all the component groups. Men's clothing rose 1.9%, with work clothing and footwear costing 2.5% more. The increased charges for cleaning and shoe repair sent the clothing, materials, and services index up 2.9%. Women's clothing prices, which have remained steady during the year, were up only fractionally.

HELEN B. JUNZ
HARRY S. DENNING
Division of Consumer Economics

Improved Motivation

(Continued from page 316)

people in plants scattered throughout a good part of the world. There is no mystery about why our company grew. We developed many new products which other steel companies did not make. We were able to do this because our people gave us unbelievable support and cooperation. They did so because they were kept informed of the company's problems. They recognized their jobs were at stake. They were motivated by the fact that it was in their self-interest to contribute their utmost to the company's progress.

During the early years, the suggestion was made several times that Mr. Verity make our policies permanent by writing and publishing them. However, he did not believe it was wise to do so, thinking that some unforeseen conditions might possibly arise which would require that our policies be changed. After eighteen years, during which we had gone through fires, floods, panics, and the greatest war in history up to that time, it was agreed that Armco policies had stood up through severe testing and should be written and published.

I was then vice-president in charge of operations, and Mr. Verity asked me to assist in drafting our statement of principles. I remember the many long hours that we spent in writing, reviewing and rewriting the various sections.

In December, 1919, our policies were presented to our board of directors. After the board's approval, they were published and distributed to our employees. They were reaffirmed by our board after Mr. Verity passed away in 1942, and again on our fiftieth anniversary. On several occasions we have mailed our policies to the homes of employees, to customers, stockholders, suppliers, and to the business and professional people in the communities in which our plants are located. Every new employee receives a copy, and you can find one in every Armco supervisor's top desk drawer.

We have never felt the need for changing our constitution. Of course, we have clarified some of the sentences when new editions have been printed, and we have revised the typography and improved the format from time to time. This sort of change is helpful because it provides opportunities for renewing interest in our fundamental policies.

What Do Our Policies Say?

Every business has a purpose. We frankly state in the opening paragraphs of our policy manual that our purpose is to make a profit:

> "Armco Steel Corporation was organized to provide a permanently profitable investment through the manufacture of special grades of iron and steel required in the fabrication of such finished products as might, from time to time, be demanded in an ever broadening field.
>
> "To secure such a result in largest measure, its organizers believed it would be necessary to adopt and to practice such policies as would bring about a condition of mutual confidence and create a spirit of sympathy and real cooperation between the members of its working organization, its customers, its stockholders, and the citizens of communities in which its plants would be located."

Our first policy establishes the ethics that executive management believes in and lives by. It reads:

> "To do business guided and governed by the highest standards of conduct and ethics, striving always for that sort of an ending in all things affecting the conduct of the business as would make 'reputation' an invaluable and permanent asset."

Next we point out the kind of an organization we hope to maintain by saying that it is our intention:

> "To make every possible effort to develop and maintain a contented, efficient, loyal, aggressive organization.
>
> "To provide the best equipment and facilities obtainable.

"Never to be satisfied with anything less than the best results possible of attainment.

"To be consistent and persistent in the application of Armco policies."

Now you may be interested in some of the main planks in the platform on which the Armco organization has been developed. Here is our policy on compensation:

"To provide not only fair remuneration, but the best compensation for services rendered that it is possible to pay under the changing economic, commercial and other competitive conditions that exist from time to time. It is Armco's ambition to develop an organization of such spirit, loyalty and efficiency that it can and will secure results which will make it possible for individual members to earn and receive better compensation than would be possible if performing a similar service in other fields of effort."

Notice that we not only state definitely what our wage policy is, but at the same time we express the hope that increased productivity will make possible better compensation than steel employees in other companies receive.

In addition to fair compensation, there are many other incentives, both tangible and intangible, that motivate people to greater accomplishment. Here is what our policy says with respect to incentives:

"To provide every possible and practical sound incentive to best effort, as it is the great mainspring of all human accomplishment.

"Life, as organized, has many incentives that urge us on to do our best in our chosen field of effort. Loved ones dependent on us for care, protection and education provide one of the greatest incentives which come to a normal man. Organized industry can, however, add other real incentives which should make for increased efficiency and more certain progress."

Each of us hopes to advance to better positions and provide comforts and conveniences for our family. This is what we say about opportunity for advancement:

"To provide every possible opportunity for advancement, as it is the ladder on which the individual hopes to reach his ultimate goal. Without such a ladder, there can be no such hope, and without hope, life may be a failure. It is a fixed Armco policy to provide such training opportunities as will give the individual substantial aid to his advancement."

As a sidelight on how we apply this policy, we have always followed the practice of promotion from within.

It is a well recognized fact today that living conditions greatly influence the attitude of employees. Here is the policy on that subject:

"In every possible way to encourage good living conditions. Armco believes that good living conditions, in both home and community, are essential to the highest individual efficiency, and that happiness, which every human being craves, cannot be attained without them.

"Armco believes that, individually and collectively, we are the product of the environment in which we live and work. It believes that clean, orderly approaches and mill yard help to make us walk straighter, think clearer and feel finer than do uncared for premises, and that a good environment is the foundation of the home."

Confidence building starts outside the plant gate and in the community. Our people are citizens of the community more hours of each week than they are employees in the plant. Their attitude is greatly influenced by their community life. If industry expects to win the confidence and cooperation of its employees, it must stand for those things in the community that make for better homes and schools, health and character building institutions, and all the other ingredients that make a wholesome community life.

Here is what we say about the mutual responsibilities of community and industry:

"We believe that to whatever extent national industrial stability or instability exists, it simply reflects the sum of the average conditions in individual communities.

"That with the exception of great national disasters, it is the responsibility of the community to create such conditions as will eliminate human unrest and unhappiness and to deal sympathetically and helpfully with the emergencies and tragedies of life.

"That industrial stability is largely influenced by local civic conditions.

"That industry should, therefore, not only keep its own house in order, but should support every sound constructive agency established in the community, in an effort to make civic conditions respond to the highest needs of its citizens.

"In all these things, Armco has said to the communities in which its plants are located: 'You do your best to make civic conditions respond to the highest needs of your citizenship and support every proper thing that will make for civic and industrial stability and progress, and we will work with you sympathetically and helpfully.' "

Benefits We Have Noticed

I do not wish to overstate the value of our published policies as a motivating force; in fact, I don't believe their value can be overstated. What value can be placed on friendly relations with employees? What is it worth to the company, its employees and shareholders, and community business concerns for plants to continue in operation while the remainder of the industry is idled by a national strike?

Our plants at Middletown, Hamilton and Zanesville, Ohio and Butler, Pennsylvania—representing about half of our ingot capacity—have continued to work during all the national steel strikes. In fact, they have never been shut down by a strike caused by a dispute with management. And at Middletown, that record runs back more than fifty-six years.

A number of years ago, a national union representing the largest department of our Middletown works attempted to strike that plant on the grounds that the company had violated its contract. Our men had

helped write the contract. They knew the company was fulfilling it to the last letter. So they disagreed with their union leaders. When the union ordered them to walk out of the plant, they walked out of the union instead. They continued to work and not a pound of production was lost.

Although National Labor Relations Board elections have been held repeatedly at the request of national unions, the plants at Middletown, Hamilton, Zanesville, and Butler have always chosen independent bargaining agents. In only one of our major plants has the balloting been in favor of a national union. In this case the reason became quite clear after the election: our policies had not been followed.

If I appear to be elated at the outcome of these National Labor Relations Board elections, it is because we regard them as severe tests of our policies. Of their own free choice and by secret ballot our people endorsed our principles of management. Likewise we regard the outcome of the election at the plant which selected national union representation as a protest against the way our principles had been violated.

I hope I am not implying that only one of our plants has national union representation, because actually we deal with a number of different unions. From time to time plants have been acquired which had national unions when merged into our company.

To my knowledge no national union member has ever stated that he could not agree with our fundamental policies. And I am happy to report that we find the influence of our policies continues to be a strong, definite force in those plants.

I have just one supporting bit of evidence. I can tell you that in our plants represented by national unions, we have not been plagued by unauthorized, wildcat strikes.

There have been many other valuable benefits from our policies. For instance, just recently there was a lull in the demand for sheet steel in one of our plants that necessitated reduced work schedules. Usually when orders are scarce you would expect men to ease up their production efforts. Not so in this plant. The hot strip mill, and other units representing the heart of sheet making operations, continued to roll at capacity, even though the men were working four or five days per week instead of five or six.

Perhaps the greatest endorsement of our policies is represented by Armco Founder's Day. Other companies have a founder's day, but I know of none similar to ours.

After Mr. Verity passed away in 1942, a group of employees in our Middletown plant suggested that Mr. Verity's birthday should be observed in harmony with the way he lived. So on April 22 of each year, you will find Armco people all over the world doing good turns for worthwhile causes or unfortunate people. They may paint the home of a disabled employee in Pennsylvania or contribute supplies to a school for the blind in South Africa. Other groups may take clothing and supplies to a home for lepers in Brazil, present a wheel chair to a cerebral palsy victim in Ohio, or a TV set to an orphans' home in Kentucky. The list of good deeds is endless and worldwide.

All projects are voluntary and none are planned or financed by the company. Founder's Day is one way our people demonstrate to us that they understand the value of our policies and want to keep them alive and meaningful.

By way of summary concerning the motivation of people, the fundamental objective of management policies is to create understanding. At least 90% of our personal, political and industrial disputes are the result of misunderstanding or lack of understanding. Neither men nor nations can get together and cooperate in their common interests until there has first been established confidence built upon a foundation of understanding.

Personnel Briefs

Employees Help with Recruitment

"Champion employee finders" are pictured in a recent issue of *AIM*, the house organ of the Allstate Insurance Company of Skokie, Illinois. The top winner, a secretary, recruited eight full-time employees and one part-timer during an eighteen-month period. Hundreds of new workers were obtained through the recommendations of the employees. Most brought in one to three friends.

"Our best *Help Wanted* ads," commented *AIM*, "are those spoken directly to potential employees by our men and women. Allstaters are doing a first-class job of selling Allstate, the employer."

Survey Preferences Expressed by Employees

Thompson Products, one of the pioneer companies in making employee attitude surveys, has asked the employees in its five Cleveland, Ohio, plants a number of questions about different survey techniques. Since "third party" studies are most common, it will come as a surprise to some survey experts that many of the employees backed the idea of company-conducted surveys.

Ninety per cent of those surveyed said they did a better job of answering the questions on the job than they did when the questionnaires were mailed to their homes. And general approval was given to the plan of supplementing the written questionnaire approach with some face-to-face interviews.

Significant Pay Settlements in the United States

Rubber Workers Settle for 15-Cent Package

A pay increase of 15 cents per hour has been negotiated by the major companies in the rubber industry with the United Rubber Workers. It is expected that these settlements will set the pattern for the rest of the industry. (Two settlements representative of the pattern are shown on the accompanying table.) In most of the agreements .5 cent of the 15-cent package covers the cost of shift premiums negotiated earlier this year. But in the case of the U. S. Rubber Company the entire 15 cents is a direct wage increase.

Negotiations were the result of a wage reopener in a contract that expires in April, 1959. Nonwage matters were not at issue in the current negotiations. Negotiations earlier this year had resulted in revisions in vacation pay, time off for jury duty, death in family and military duty.

Vacation Bonus Pay in Four-Year Pact

The Ford Instrument Company, Division of the Sperry Rand Corporation, and the International Union of Electrical Workers have negotiated a four-year contract which provides vacation bonus pay, additional pay for unused sick leave, and cost of living increases, as well as wage increases that will total about 15% over the life of the contract.

The initial wage increase is 5.3%, an average of slightly more than 12 cents per hour. Five cents is retroactive to November, 1956; the remaining 7 cents became effective June 1, 1957. Also added to wage rates in June was a 2-cent increase which union members chose in lieu of added fringe benefits. A deferred adjustment of 3% is to be given in June, 1958, with added increases of about 3.5% scheduled for 1959 and again in 1960.

A new feature of the contract is a vacation bonus to supplement regular vacation pay. Tied to length of service, the vacation bonus becomes effective with the 1957-1958 vacation year. Five hours of bonus pay computed at the base rate is given to employees with six to eight years' service. An additional five hours' pay is given after each successive two years of service up to a maximum bonus of forty hours' pay to workers with twenty years of service.

The settlement also adds to the existing sick pay provisions. Under the old contract an employee was entitled to forty hours' sick leave each year, plus one week of "differential" sick pay—that is, the difference between insured sickness and accident benefits and the employee's regular straight-time pay. Any part of these two types of sick pay that were not used were paid to the employee each December. Under the new contract, a second week of differential sick pay has been added.

White Collar Settlements

The General Mills Mechanical Division in Minneapolis has signed a one-year agreement with the Technical Engineers which grants a 7% increase, averaging $36.89 per month. Liberalized fringes consist of a fourth week of vacation after twenty years' service and an eighth paid holiday.

In a wage reopening agreement between Long Island Lighting Company and the International Brotherhood of Electrical Workers, some 1,700 salaried employees have received increases of 5.1875%. Hourly employees receive the same proportionate increase, which averages 11.6 cents an hour. Fringe items were left unchanged.

Washington Gas Light Company and the Office Employees International Union at Washington, D.C., negotiated a new one-year contract that provides a 5.5% increase, averaging 12 cents an hour. The settlement parallels a separately negotiated agreement with the Chemical Workers Union for hourly rated employees at the same plant.

Multi-Employer Settlements

Six Philadelphia department stores and the Teamsters' union have agreed upon a three-year contract that boosts pay by about 6% in the first year. The increase to women amounts to $3 per week, and for men it is $4. Next year another weekly increase of $2 goes into effect for everyone, and in the third year an additional $3 increase is provided in two installments. Company contributions to a new, jointly administered pension plan amount to 8 cents an hour. This plan is deferred until the second year of the contract, and details are yet to be worked out.

Another multi-employer settlement, between the Infants' and Children's Coat Association and ILGWU, also provides for a 6% increase, ranging from $3 to $4 per week. Although the contract runs for three years, no deferred increases or wage reopeners are stipulated. On the fringe side, overtime pay accrues after thirty-seven and one-half hours instead of forty hours as previously.

Significant Pay Settlements in the United States

Verified by The Conference Board

Company, Union[1] and Duration of Contract	Pay Adjustments	Fringe Adjustments
Rubber		
1. B. F. Goodrich Co. with United Rubber Workers at Columbus, Ohio. 14,000 hourly Effective 7-25-57. Wage reopening Contract expires 4-15-59	15¢ per hour general increase (6.3% average)	Not at issue
2. U. S. Rubber Co. with United Rubber Workers at New York, N. Y. 26,000 hourly Effective 7-22-57. Wage reopening Contract expires 4-9-59	15¢ per hour general increase	Not at issue
Paper		
3. Fibreboard Products Co. with Pulp, Sulphite, and Paper Mill Workers at Philadelphia, Pa. 110 hourly Effective 7-1-57. Contract expired New contract: 2 years	9¢ per hour general increase (5% average) Deferred increase: 8¢ per hour general 7-1-58	Revised: Life insurance and basic medical p
4. Hinde & Dauch Paper Co. with Papermakers and Paperworkers at Buffalo, N. Y. 123 hourly Effective 6-10-57. Contract expired New contract: 2 years. Next reopening 6-10-58	9¢ per hour general increase (4.8% average)	Revised: Funeral leave pay
5. Johns-Manville Products Corp. with Papermakers and Paperworkers at Fort Worth, Tex. 121 hourly Effective 7-22-57. Wage reopening Contract expires 7-22-58	10¢ per hour general increase (5.6% average)	Revised: Pension plan
6. Kimberly-Clark Corp. with Papermakers and Paperworkers and Pulp, Sulphite, and Papermill Workers at Neenah, Wis. 1,760 hourly Effective 6-1-57. Contract expired New contract: 1 year	9.84¢ per hour general increase (5.2% average). Additional increases from 2¢ to 4¢ per hour to skilled trades	No change
7. Strathmore Paper Co. with Papermakers and Paperworkers at West Springfield and Woronoco, Mass. 525 hourly Effective 7-1-57. Contract expired New contract: 1 year	5.6% average increase	Revised: Basic medical plan and major me cal insurance
Other Nondurable		
8. American Rockwool Corp. with Oil, Chemical, and Atomic Workers at South Plainfield, N. J. 100 hourly Effective 6-1-57. Contract expired New contract: 2 years	5¢ to 7¢ per hour general increase (3% average) Shift premium increased 1¢ per hour Deferred increase: 5¢ per hour general 6-1-58	Revised: Funeral leave pay
9. Interchemical Corp. with Oil, Chemical, and Atomic Workers at Elizabeth, N. J. 103 hourly Effective 4-15-57 (signed 6-15-57). Contract expired New contract: 1 year	12.1¢ per hour general increase (5.6% average)	Added: 9th paid holiday
Oil, Chemical, and Atomic Workers at Hawthorne, N. J. 160 hourly Effective 7-1-57. Contract expired New contract: 1 year	12.7¢ per hour general increase (6% average)	Added: 9th paid holiday Revised: Basic medical plan

Significant Pay Settlements in the United States—Continued

Company, Union[1] and Duration of Contract	Pay Adjustments	Fringe Adjustments
10. Laclede Gas Company with Oil, Chemical, and Atomic Workers at St. Louis, Mo. 2,250 hourly. Effective 7-1-57. Contract expired New contract: 1 year	14¢ per hour general increase (6% average)	No change
11. Republic Oil Refining Co. with Oil, Chemical, and Atomic Workers at Texas City, Tex. 360 hourly Effective 4-1-57 (signed 6-19-57). Contract expired New contract: 1 year	15.5¢ per hour general increase; 6% effective 5-1-57 (5% on rates as of 3-31-57 effective 4-1-57)	Added: Major medical insurance and 8th paid holiday Revised: Basic medical plan. Vacations now 4 weeks after 20 years (was after 25)
12. Wyandotte Chemicals Corp. with Oil, Chemical and Atomic Workers, and District 50, UMWA (ind.) at Wyandotte, Mich. 2,100 hourly Effective 4-23-57 (signed 7-1-57). First contract Duration: 2 years	No immediate increase Added cost-of-living adjustment Deferred increase: 8¢ per hour general 3-1-58	Added: Insured disability pay and 2 holidays Revised: Vacations of 3 weeks for 10 years' service effective 1958 Normal pension benefit increased to $2.25 per month per year of service (was $1.50) Disability pension now $2.25 per month per year of service plus $50 per month until OASI received
13. Infants' & Children's Coat Association, Inc. with ILGWU at New York, N. Y. 600 hourly Effective 6-1-57. Contract expired New contract: 3 years	6% general increase (or $3 to $4 per week) Base rates increased $3 per week	Revised: Time and a half after 37½ hours (was after 40 hours)
14. McCall Corp. with Typographical Union at Dayton, Ohio. 165 hourly Effective 3-1-57 (signed 6-28-57). Contract expired New contract: 2 years	13.3¢ per hour ($5 per week) general increase (4% average) Deferred increase: 10.7¢ per hour ($4 per week) general increase, 3-1-58	No change
15. Milwaukee Breweries with Brewery Workers at Milwaukee, Wis. 7,500 hourly Effective 6-1-57. Contract expired New contract: 2 years	10¢ per hour general increase (4% average) Deferred increase: 10¢ per hour, 6-1-58	Added: Health insurance for retired employees; supplements to workmen's compensation; funeral leave pay; another holiday (now 9½) Revised: Basic medical plan; life insurance plan; insured disability pay; Vacations now 1 week after 1 year, 2 weeks after 3 years, 3 weeks after 5, and 4 weeks after 12 years
Durable Manufacturing		
16. Arvin Industries Inc. with Carpenters and Joiners at Franklin, Ind. 900 hourly Effective 6-25-57. First contract Duration: 3 years. Next reopening 6-25-59	4¢ per hour general increase (2.2% average) 2¢ per hour cost-of-living adjustment, 5-6-57 Deferred increase: 4¢ per hour general 6-23-58	Added: Time off with pay for jury duty and 2½ times pay for holidays worked
17. Phillip Carey Mfg. Co. with Cement, Lime and Gypsum Workers at Plymouth Meeting, Pa. 300 hourly Effective 4-2-57 (signed 6-6-57). Contract expired New contract: 1 year	8¢ per hour general increase (4.2% average)	Added: Time off with pay for funeral leave Revised: Basic medical plan
18. Ford Instrument Co. (Div. of Sperry Rand) with IUE at Long Island City, N. Y. 1,300 hourly Effective 11-5-56 (signed 6-1-57). Contract expired New contract: 4 years	5.3% general increase (12¢ per hour average). 5¢ retroactive to 12-5-56; 7¢ effective 6-1-57 Additional 2¢ in lieu of fringes, 6-3-57 Deferred increase: 3% general increase, 6-2-58; add'l. 3.48% general increase, 6-1-59 and 3.46% 5-27-60	Added: Vacation bonus pay and sick leave pay Revised: Cost of living adjustment
19. Harley-Davidson Motorcycle Co. with Allied Industrial Workers at Milwaukee, Wis. 870 hourly Effective 6-3-57. Contract expired New contract: 1 year	8.4¢ per hour general increase (4.2% average) Deferred increase: 3¢ per hour general 1-1-58	Revised: Life insurance and insured disability pay. Vacations now 2 weeks and 1 day per year for 11 to 14 years' service
20. Ingraham Clock Co. with IUE at Bristol, Conn. 1,150 hourly Effective 6-17-57. Contract expired New contract: 2 years	5¢ per hour general increase Additional 3¢ and 5¢ per hour to skilled trades Base rates increased 15¢ per hour Deferred increase: 5¢ per hour general 6-16-58	Revised: Holidays; Friday after Thanksgiving substituted for July 4 Pension plan benefits increased to $2 per month per year of service up to 30 years

Significant Pay Settlements in the United States—Continued

Company, Union[1] and Duration of Contract	Pay Adjustments	Fringe Adjustments
21. Missouri Portland Cement Co. with Cement, Lime and Gypsum Workers at St. Louis and Kansas City, Mo. 1,200 hourly Effective 5-1-57 (signed 7-2-57). Contract expired New contract: 1 year	10¢ per hour general increase (6% average) Additional 5.9¢ per hour in wage bracket adjustments	Revised: Double time after 12 hours. 1.1 ti pay for Sundays as such. Vacations no weeks after 30 years' service
22. Universal-Rundle Corp. with Potters at Hondo, Tex. 114 hourly Effective 6-10-57. Contract expired New contract: 2½ years. Next reopening 5-14-58	10¢ per hour general increase	Added: Another paid holiday

Other Nonmanufacturing

Company, Union[1] and Duration of Contract	Pay Adjustments	Fringe Adjustments
23. Associated General Contractors with Bricklayers in Greater Miami, Fla. 3,000 hourly Effective 6-1-57. Contract expired New contract: 3 years	10¢ per hour general increase to journeymen Increases to apprentices based on a percentage of journeymen's rates Deferred increase: to journeymen—10¢ per hour general increase, 10-1-57; additional 15¢ per hour, 4-1-58; and additional 17¢ per hour, 4-1-59 To apprentices—increases each year based on a percentage of journeymen's rates	No change
24. Associated General Contractors with Iron Workers at Okla., Ark., Kan., and Mo. 450 hourly Effective 6-1-57 (signed 7-3-57). Contract expired New contract: 2 years	15¢ per hour general increase Deferred increase: 15¢ per hour general 6-1-58	No change
25. Associated General Contractors with Operating Engineers at Statewide, R. I. 300 hourly Effective 6-17-57. Contract expired New contract: 3 years	15¢ per hour average increase Deferred increase: minimum of 15¢ per hour general increase, 6-16-58 and 6-15-59	No change
26. Sheet Metal Contractors' Assn. of Milwaukee, Inc. with Sheet Metal Workers at Milwaukee, Wis. 1,300 hourly Effective 6-1-57. Contract expired New contract: 1 year	5¢ per hour general increase (1.6% average) Deferred increase: 5¢ per hour 12-1-57	Added: Pension plan Revised: Vacation fund and disability provision
27. Long Island Lighting Co. with IBEW at Long Island, N. Y. 2,570 hourly (1,747 salaried) Effective 7-1-57. Wage reopening Next reopening 7-1-58	11.6¢ per hour general increase (5.1875% average)	No change
28. Washington Gas Light Company with Chemical Workers at Washington, D. C. 1,250 hourly Effective 6-17-57. Contract expired New contract: 1 year	12¢ per hour or $4.80 per week general increase (5.5% average)	No change
29. Labor Standards Association (6 Phila. dept. stores) with Teamsters at Philadelphia, Pa. 600 hourly warehouse employees Effective 6-1-57. Contract expired New contract: 3 years	$3 per week general increase to women; $4 per week to men (approximately 6%)	Revised: Pension plan now jointly adm tered; 8¢ per hour company contributi
30. Pacific Maritime Association with Longshoremen and Warehousemen (ind.) West Coast. 16,000 hourly Effective 6-17-57. Wage reopening Contract expires: 6-15-58	8¢ per hour general increase for longshoremen and 13¢ per hour general increase for clerks Overtime rates after 6 hours per day. Differentials for skilled trades increased by 5¢	Revised: Minimum pension now $1 per mo Disability pay provision now $38 per for 26 weeks; life insurance increase $2,000 for active employees (was $1, and to $1,000 for retired (was $500)

SALARIED EMPLOYEE SETTLEMENTS

Company, Union[1] and Duration of Contract	Pay Adjustments	Fringe Adjustments
31. General Mills, Inc. (Mechanical Division) with Technical Engineers at Minneapolis, Minn. 109 salaried Effective 4-1-57 (signed 6-25-57). Contract expired New contract: 1 year	7% general increase ($36.89 per month average increase)	Added: 8th paid holiday Revised: Vacations now 4 weeks after 20 y

Significant Pay Settlements in the United States—Continued

Company, Union[1] and Duration of Contract	Pay Adjustments	Fringe Adjustments
2. Washington Employers, Inc., with Retail Clerks at King County, Wash. 2,500 employees Signed 6-18-57. Contract expired New contract: 2 years	Increases ranging from 2.5¢ per hour to 10¢ per hour Deferred increase: 5¢ per hour to journeymen, 12-1-57; 5¢ per hour general increase, 4-1-58	Added: Company-paid grouplife, accidental death and dismemberment and hospital-surgical-medical for employees and dependents, 4-1-58. Time off with pay for jury duty Revised: Increased vacation pay for employees with 15 or more year's continuous service
3. Long Island Lighting Co. with IBEW at Long Island, N. Y. 1,747 salaried in bargaining unit described in 27 above	Same as adjustment for hourly in bargaining unit. See 27 above	No change
4. Washington Gas Light Company with Office Employees at Washington, D. C. 570 salaried Effective 6-1-57. Contract expired New contract: 1 year	Same as adjustment with Chemical Workers described in 28 above	No change

[1] All unions are affiliated with the AFL-CIO unless otherwise indicated.

Significant Pay Settlements in Canada

Verified by The Conference Board

Company, Union[1] and Duration of Contract	Pay Adjustments	Fringe Adjustments
Mining		
1. Consolidated Denison Mines Ltd. with Mine, Mill and Smelter Workers (ind.) at Quirke Lake, Ont. 630 hourly Effective 6-30-57 (signed 7-23-57). First contract Duration: 1 year, 6 months	7¢ per hour average increase. Classification increases ranging from 1¢ to 6¢ per hour Workweek of 48 hours reduced to 44 hours with maintenance of pay 12-1-57, and further reduced to 40, 9-1-58	Revised: Vacations, holidays and group insurance
2. Hudson Bay Mining and Smelting Ltd. with IBEW; IAM; Flin Flon Base Metal Workers; Boilermakers; Carpenters and Joiners; Painters; Operating Engineers at Flin Flon, Man. 2,333 hourly (511 salaried) Effective 4-16-57 (signed 7-16-57). Contract expired New contract: 2 years	8¢ to 13¢ per hour increase	No change
3. Steep Rock Iron Mines Ltd. with Steelworkers at Steep Rock Lake, Ont. 800 hourly Effective 6-1-57. Contract expired New contract: 2 years	33¢ per hour general increase	Revised: Basic medical plan, life insurance plan
Manufacturing		
4. Dominion Oilcloth and Linoleum Ltd. with Linoleum Workers of Montreal Inc., at Montreal Que. 865 hourly Effective 7-15-57. Contract expired New contract: 3 years	4¢ per hour general increase Additional 4¢ per hour retroactive adjustment for hours worked between 3-16-56 and 7-14-57 Shift premiums for 2nd and 3rd shifts increased 1¢ per hour, to 5¢ and 8¢ respectively Deferred increase: 4¢ per hour general increases 4-14-58, 1-19-59, and 10-19-59	Revised: Vacations. In 1958, 3 weeks' vacation for 15 to 35 years' service and 4 weeks for 35 years or more. 4 weeks for 30 years or more beginning in 1959 Cancelled: Christmas bonus as of 1958, was for employees with 15 or more years' service

(Continued on next page)

Significant Pay Settlements in Canada—Continued

Company, Union[1] and Duration of Contract	Pay Adjustments	Fringe Adjustments
	Workweek reduced at maintained pay as follows: 1) To 43.75 hours (8.75 hours per day) 7-15-57 (from 45 hours) 2) To 42.5 hours (8.5 hours per day), 4-14-58 3) To 41.25 hours (8.25 hours per day), 1-19-59 4) To 40 hours (8 hours per day), 10-19-59	
5. William Kennedy & Sons Ltd. with Steelworkers at Owen Sound, Ont. 359 hourly Effective 4-6-57 (signed 6-27-57). Contract expired New contract: 2 years	5¢ per hour general increase plus inequity adjustments Deferred increase: 5¢ per hour genera l4-13-58	Added: 2¢ per hour towards improved wel[fare] plans Revised: Vacations now 2 weeks after 3 y[ears] and 3 weeks after 15 years
6. Mack Trucks, Inc. with IAM at Toronto, Ont. 50 hourly Effective 7-1-57. Contract expired New contract: 3 years	10¢ per hour general increase Shift premium increased to 8¢ per hour (was 5¢) Deferred increase: 3¢ per hour general increase twice a year commencing 1-1-58	Added: 1 additional holiday Revised: Liberalized vacation pay
7. National Cash Register of Canada Ltd. with Canadian Business Machine Workers at Toronto, Ont. 350 hourly Effective 7-8-57. Contract expired New contract: 2 years	10¢ per hour general increase	No change
8. Rowntree Ltd. with Retail, Wholesale, and Department Store Union at Toronto, Ont. 550 hourly Effective 7-22-57. Contract expired . New contract 2 years	4% general increase plus some adjustments in classification rates Deferred increase: 4% general increase in 3-58 and 11-58	No information
9. Eastern Air Lines, Inc. with IAM at Montreal, Que. and Ottawa, Ont. 46 salaried Effective 2-1-57 (signed 7-3-57). First contract Duration: 1 year	$22.08 per month average increase	No change
10. Hudson Bay Mining and Smelting, Ltd. with IBEW; IAM; Flin Flon Base Metal Workers; Boilermakers; Carpenters and Joiners; Painters; Operating Engineers at Flin Flon, Man. 511 salaried in bargaining unit described in 2 above	Same as adjustment for hourly in bargaining unit. See 2 above	No change
11. International Harvester Company of Canada Ltd. with Steelworkers at Hamilton, Ont. 260 salaried Effective 4-6-57 (signed 7-23-57). Contract expired New contract: 1 year	$3 per week general increase Premium for 3rd shift 9¢ per hour (was 8¢)	Revised: Vacations—employees with 10 to years' service now get 2 weeks and 2 d (was 2 weeks) Time and a half for holidays worked (straight time)
12. Yarrows Ltd. with Office Employees at Esquimalt, B. C. 61 salaried Effective 1-1-57 (signed 6-57). First contract Duration: 22½ months	10% general increase	Revised: Overtime pay—double time aft hours' overtime

[1] All unions are affiliated with the CLC unless otherwise indicated.

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